



31761 11554274 8



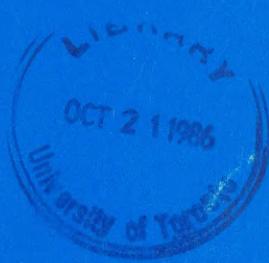
Digitized by the Internet Archive
in 2022 with funding from
University of Toronto

<https://archive.org/details/31761115542748>

CAI
FN
E16

Quarterly Economic Review

September 1986



Canada

Quarterly Economic Review

September 1986



Department of Finance
Canada

Ministère des Finances
Canada



The Quarterly Economic Review

© Minister of Supply and Services Canada 1986

Available in Canada through

Associated Bookstores
and other booksellers

or by mail from

Canadian Government Publishing Centre
Supply and Services Canada
Ottawa, Canada K1A 0S9

	Canada	Other Countries
3 regular issues — single copy	\$ 4.00	\$ 4.80
1 special issue — single copy	\$10.00	\$12.00
Annual subscription — 4 issues	\$20.00	\$24.00

Price subject to change without notice

Preface

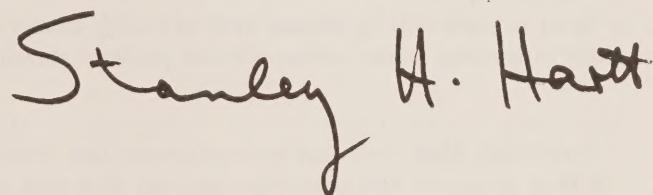
This publication marks the inaugural edition by the Department of Finance of the *Quarterly Economic Review*, which is intended to replace the Department's *Annual Economic Review*. The purpose of the *Quarterly Economic Review* is to provide a timely, broad overview of the important trends in the Canadian economy. It will be published approximately four to five weeks after the release of the quarterly Canadian Income and Expenditure Accounts (CIEA). The historical tables that accompanied the *Annual Economic Review* will now be published once a year and included in the summer edition of this publication.

The *Quarterly Economic Review* is designed to serve the needs of a wide variety of readers, from those who require just a quick overview to those wishing more detailed analysis of current economic developments. It is the intent of the Department of Finance in preparing the *Quarterly Economic Review* to provide a broad perspective on recent economic developments.

With its reliance on graphs, the *Quarterly Economic Review* should be an easy-to-use and handy reference document.

Special reports on topical subjects are included in the *Quarterly Economic Review* to present the analytical work of the staff of the Department of Finance on current issues. Readers are encouraged to comment on these special reports. Comments should be directed to Michael Kennedy (613-992-5603), Assistant Director, Economic Analysis and Forecasting Division, Fiscal Policy and Economic Analysis Branch, Department of Finance, Ottawa, Ontario, K1A 0G5.

The majority of the data used in the *Quarterly Economic Review* come from Statistics Canada. Other regular sources of data are: the Bank of Canada, The Conference Board of Canada, Canada Mortgage and Housing Corporation, the Canadian Real Estate Association and the OECD. The cut-off date for the data reported here is September 5, 1986.

A handwritten signature in black ink that reads "Stanley H. Hartt". The signature is fluid and cursive, with "Stanley" on the left and "H. Hartt" on the right.

Stanley H. Hartt
Deputy Minister

Table of Contents

S'86

1. The Economy in Brief	1
Growth slows in the first half of 1986 among major industrial countries, but economic fundamentals remain sound.	
2. Personal Sector	5
Consumer expenditures rebound in the second quarter as interest rates fall, household financial positions continue healthy and confidence reaches record high.	
3. Housing	9
Following a drop in the first quarter as mortgage rates rose, starts recover in the second quarter spurred by falling interest rates.	
4. Business Non-Residential Investment	13
Sharp declines in energy investment, but investment spending in non-energy sector up substantially for the second year in a row.	
5. Business Inventories	17
Substantial accumulation of inventories contributed to growth in the first quarter, and inventory investment maintained through the second quarter of this year.	
6. Government Sector	19
Federal deficit (on CIEA basis) averages about \$24 billion in the first half of 1986, down sharply from last year.	
7. Foreign Trade and International Developments	21
Current account registers record deficit in first quarter of this year, as terms of trade deteriorate and export markets weaken; second quarter sees a noticeable improvement.	
8. The Labour Market	25
Levels of employment growth and unemployment rate have both fluctuated considerably over 1986 to date with the unemployment rate averaging near its current level of 9.7%.	
9. Price and Wage Sector	29
Price increases and wage pressures remain moderate, with CPI inflation around 4%.	
10. Financial Sector	33
After sharp rise in first quarter, short-term interest rates subsequently fell to their lowest levels in eight years.	

Special Reports

11. Decennial Revisions to Statistics Canada's Canadian Income and Expenditure Accounts	39
A review of the definitional, presentational and measurement changes made to these indicators of Canadian economic activity.	
12. An In-Depth Comparison of the Canadian and U.S. Recoveries, 1981-1986	47
A comparison of the performance of the Canadian and U.S. economies in the current recovery.	

1. The Economy in Brief

Highlights of Developments Over the First Half of 1986

- Growth in the major industrial countries in the first half of 1986 was unexpectedly weak, reflecting the dramatic oil-price developments as well as trade, exchange rate and other imbalances.
- Economic growth in Canada slowed in the first half of 1986 from the very rapid pace of the second half of last year, but still was amongst the highest of the major OECD countries.
- The Canadian economy was buffeted by sharp, temporary increases in interest rates early this year and by falling world oil and grain prices which depressed profits and incomes and weakened final domestic demand, especially energy investment.
- Interest rates have fallen to eight-year lows, substantially reducing financing costs for households and firms.

Summary

The Canadian economy grew at an average annual rate of 2.6% in the first two quarters of 1986, following a 4.0% increase for 1985 as a whole and a strong 5.2% rise during the second half of last year. A slowdown in the pace of economic expansion from the rapid second-half pace was generally anticipated early in the year, but the nature and extent largely reflects unexpected developments in the international economy: the precipitous declines in world oil and grain prices, large currency fluctuations, and the unanticipated weakness in the three largest industrial countries, the U.S., Japan and Germany.

These unfavourable international developments buffeted the Canadian economy during the first half of this year. In conjunction with the sharp, temporary increases in short-term interest rates associated with the weakness in the Canadian dollar early in the year, they combined to create consumer and investor uncertainty which weakened final domestic demand (Chart 1.1). Notwithstanding these developments, output continued to grow, initially due to strong inventory investment and, in the second quarter, an improvement in Canada's real net trade position. Developments over the second half of

the year will be shaped importantly by both domestic factors and growth prospects elsewhere in the major industrial countries, as well as by the degree of progress made in reducing imbalances in the world economy.

Chart 1.1

Real GDP and Final Domestic Demand

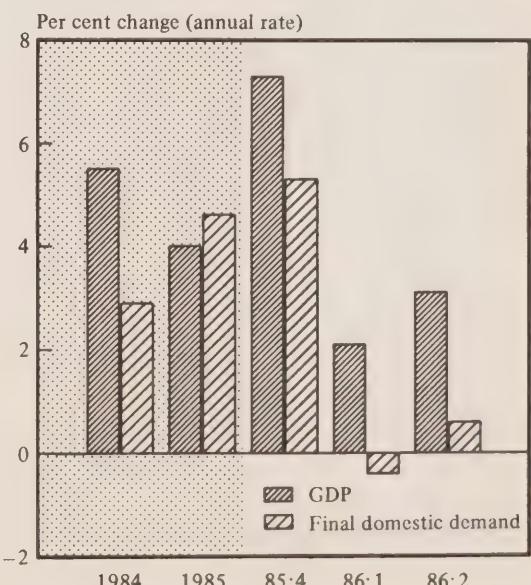


Chart 1.2

Output in Canada and Major Trading Partners

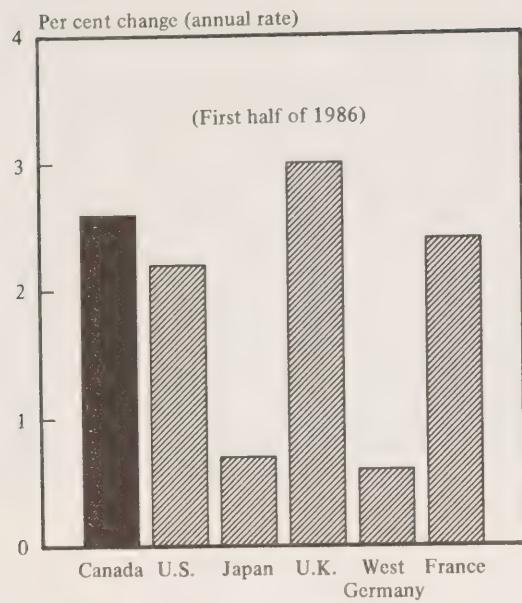
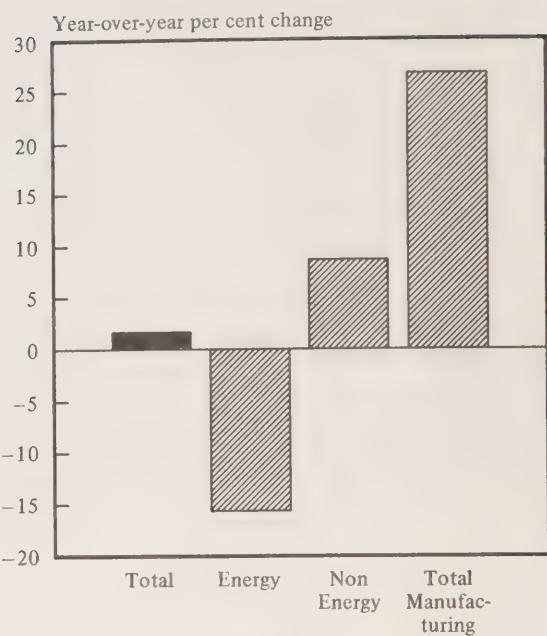


Chart 1.3

Business Investment Intentions, 1986



Main Economic Indicators

	1984	1985	1985 Q4	1986 Q1	1986 Q2	Latest Data	Period
Output and demand							
Real GDP growth (%), a.r.)	5.5	4.0	7.3	2.1	3.1		
Real GNP growth (%), a.r.)	5.3	4.0	6.2	1.0	4.4		
Real final domestic demand (%), a.r.)	2.9	4.6	5.3	-0.4	0.6		
Manufacturing shipments (%), a.r.)	12.3	7.1	12.7	-2.9	-6.3	-34.5	(June)
Trade balance (\$b, a.r.)	20.7	17.5	16.1	9.2	11.7	5.3	(June)
Labour market							
Unemployment rate (%)	11.3	10.5	10.2	9.7	9.6	9.7	(Aug.)
Employment growth (%), a.r.)	2.5	2.8	4.2	6.1	0.8	5.1	(Aug.)
Costs and prices							
Consumer price inflation (%), Y/Y	4.4	4.0	4.2	4.2	3.9	4.2	(July)
GDP price inflation (%), a.r.)	3.6	3.4	1.6	2.0	1.9		
Unit labour costs (% change, a.r.)	1.9	3.1	-1.6	2.7	0.3		
Financial							
Exchange rate (U.S.\$/Can.)	0.772	0.731	0.723	0.707	0.725	0.722	(Sept. 5)
Prime interest rate (%)	12.1	10.58	10.00	12.00	10.58	9.75	(Sept. 5)
1-year mortgage rate (%)	12.0	10.31	9.83	11.17	9.92	9.75	(Sept. 5)

Canada was not the only country to experience slower growth in the first part of this year. Existing trade and fiscal imbalances in the world economy coupled with uncertainties engendered by rapidly adjusting exchange rates and large movements in commodity prices markedly slowed first-half growth among Canada's principal trading partners (Chart 1.2).

Nonetheless, the OECD countries in general should benefit from the decline in oil prices and the drop in interest rates. Growth prospects for these countries over the second half of 1986 and into 1987 are improving markedly; in fact, the OECD currently is forecasting growth in industrial economies to be above potential over the next 12 months.

In this context the economic fundamentals in Canada suggest that the Canadian economy is well-poised to realize substantial benefits from increased world growth. Interest rates and the unemployment rate are lower than they have been for several years. Consumer confidence turned up in the second quarter. The financial positions of the household and corporate sectors are generally healthy. Growth in labour costs and consumer prices are moderate with good prospects for further improvements in Canada's international competitiveness.

Economic Growth Slows in the First Half of the Year

The slowdown in growth during the first half of 1986 reflected weakness in final domestic demand (Chart 1.1). In the first quarter, both residential construction and consumer spending on goods declined and business non-residential investment was flat. From March onwards, as interest rates fell sharply, consumer expenditure on goods and residential construction rebounded, but were offset as business non-residential investment plummeted due to the collapse of energy investment. A large increase in inventory investment in the first quarter boosted production more than enough to offset a large decline in net exports. The sources of output growth were substantially different in the second quarter with a sharp improvement in real net trade and healthy consumption spending leading the way.

Investment Picture Mixed

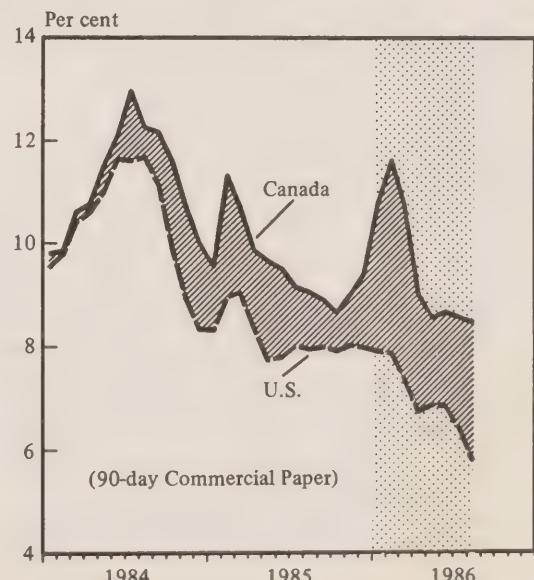
Statistics Canada's Mid-Year Private and Public Investment Intentions survey points to a weak 1.7% growth in nominal investment spending in 1986, due solely to projected large declines in energy investment (Chart 1.3). In contrast, the survey also projects a healthy 8.7% increase in non-energy investment, with much of the growth concentrated in the manufacturing sector which is expected to register a strong increase of 26.7%. According to the survey, 1986 will be the second year of strong non-energy investment growth. Furthermore, given the extent of investment declines so far in 1986, the PPI survey suggests that total private sector investment should not be a source of weakness over the remainder of the year.

Short-Term Interest Rates Reach Eight-Year Low

Following a sharp run-up early in the year when the Canadian dollar was under temporary pressure (Chart 1.4), short-term interest rates (90-day Commercial Paper) decreased four percentage points to near 8.5% by May, their lowest level in eight years. The resulting drop in the chartered bank's prime rate to 9.75% on July 18 marks the first time in eight years that

Chart 1.4

Canadian and U.S. Short-Term Interest Rates



this rate has been below 10%. Long-term interest rates (e.g. corporate bond rates) decreased to eight-year lows in the first quarter.

Strong Inventory Accumulation

Over the first half of the year, inventory investment, which has been high by recent historical standards, was an important source of strength for the Canadian economy. Although inventory accumulation will probably ease over the second half of the year, the stock-to-sales ratio, which remains close to its low average value of the last three years, suggests an actual decumulation of inventories is unlikely.

Current Account Deficit Increases Substantially

The current account deficit reached a record level of \$11.4 billion (at annual rates) in the first quarter but improved significantly in the second quarter reaching \$7.3 billion. The deterioration in the first half of the year was due mainly to the significant erosion in the terms of trade (i.e. low oil and grain prices). Exports were also affected by slower growth in U.S. domestic demand as well as weakness in the growth of some of Canada's major overseas trading partners. Some improvement over the near term in our trade with overseas countries is likely to materialize in response to the significant depreciation of the Canadian dollar against those currencies as well as an expected pick-up in overseas economic activity.

Canadian Dollar Stabilizes

The Canadian dollar, after experiencing downward pressures early in the year that resulted in a record low of U.S. \$0.6913 on February 4, rebounded in early March. Since then it has traded around U.S. \$0.72.

Inflation Remains Moderate

Consumer price increases during the first seven months of the year remained around 4% (on a year-over-year basis) reaching a low of 3.7% in June before rising to 4.2% in July. Another measure of inflation, the change in the GDP deflator, registered a more modest 2.5% year-over-year increase in the second quarter. Since March, there have been sharp declines in the price of petroleum products. Continued

moderate wage settlements and productivity growth augur well for future inflation prospects.

Consumer Confidence Increases

After falling in the first quarter, the Conference Board's Index of Consumer Attitudes rose sharply in the second quarter. Consumer expenditures on goods rebounded in the second quarter and the personal savings rate reached a seven-year low.

Unemployment Rate Averages 9.7% for the First Half of 1986

Despite the large fluctuations experienced since March, employment in August was only slightly below its January record level and still above its year-end levels. For the first eight months of the year, employment levels averaged 3.4% greater than the corresponding period last year. The unemployment rate, which continued to decline over the February-to-June period (Chart 1.5), increased to 9.9% in July before falling to 9.7% in August, its average since January.

Chart 1.5

The Unemployment Rate Since September 1984



2. Personal Sector

Chart 2.1

Change in Real Consumer Expenditure and Real Personal Disposable Income

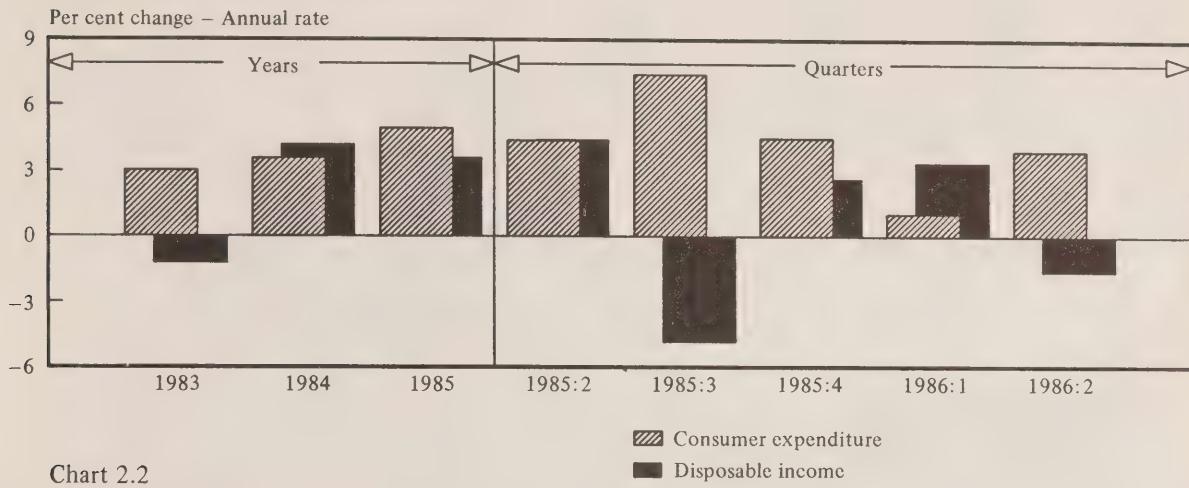
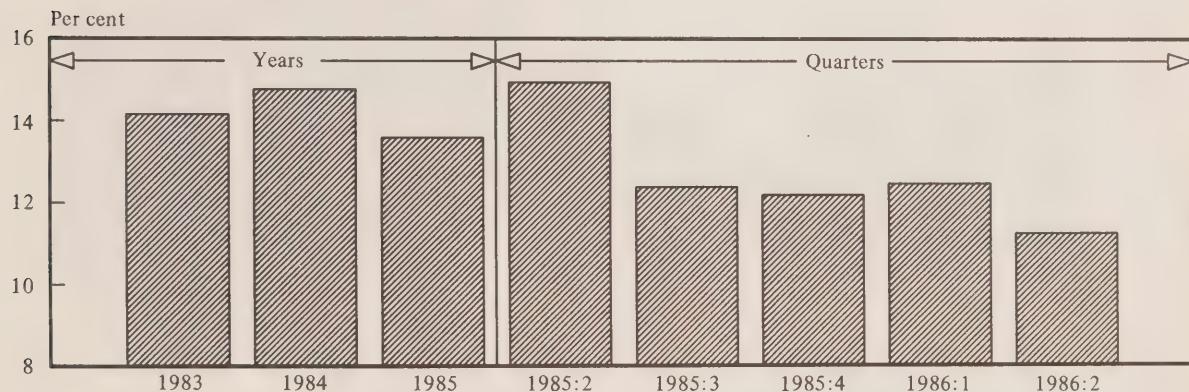


Chart 2.2

The Personal Savings Rate



Consumer expenditure growth rebounded strongly in the second quarter to an annual rate of 4.0% (Chart 2.1) from a rate of 1.0% in the first quarter. The personal savings rate, after a slight increase in the first quarter (Chart 2.2), resumed its downward trend evident throughout

1985. The personal savings rate in the second quarter of 1986, at 11.2%, was at its lowest level in over seven years and almost 7 percentage points below its postwar peak level reached in the first quarter of 1982.

Chart 2.3

Change in Real Consumer Expenditure by Category

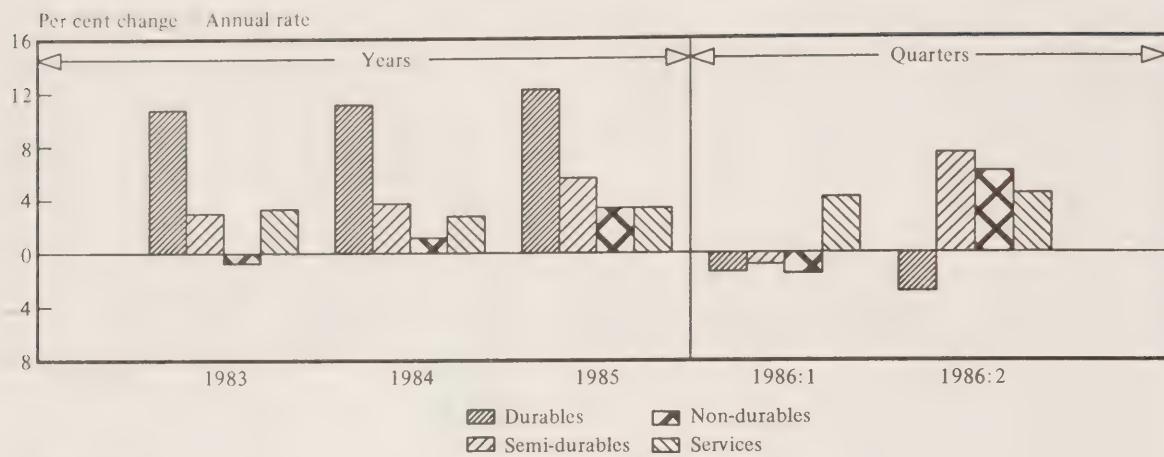
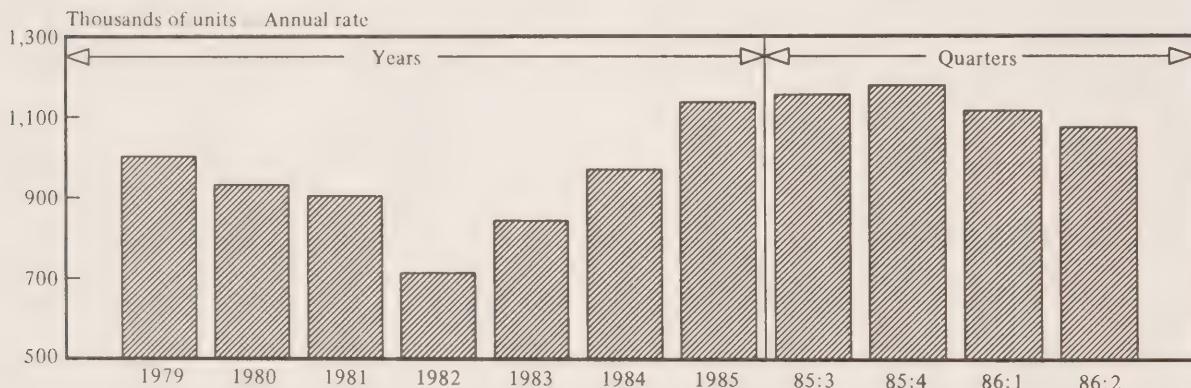


Chart 2.4

New Car Sales in Canada



With the exception of spending on durables, all major categories of consumer expenditures increased strongly in the second quarter (Chart 2.3). This contrasts with the situation in the first quarter when the only area of consumer spending that grew was spending on services.

Expenditure on durable goods, the spending category which had consistently been registering

the strongest rate of growth during the recovery, now has declined for two consecutive quarters. Among durable goods, new car sales have fallen in both the first and second quarters, following a lengthy period of strong growth (Chart 2.4). Last year's growth in durable expenditures, especially on autos, was one of the factors underlying the strong growth in imports in 1985.

Chart 2.5

**Credit Interest Payments
as a Share of
Personal Disposable Income**

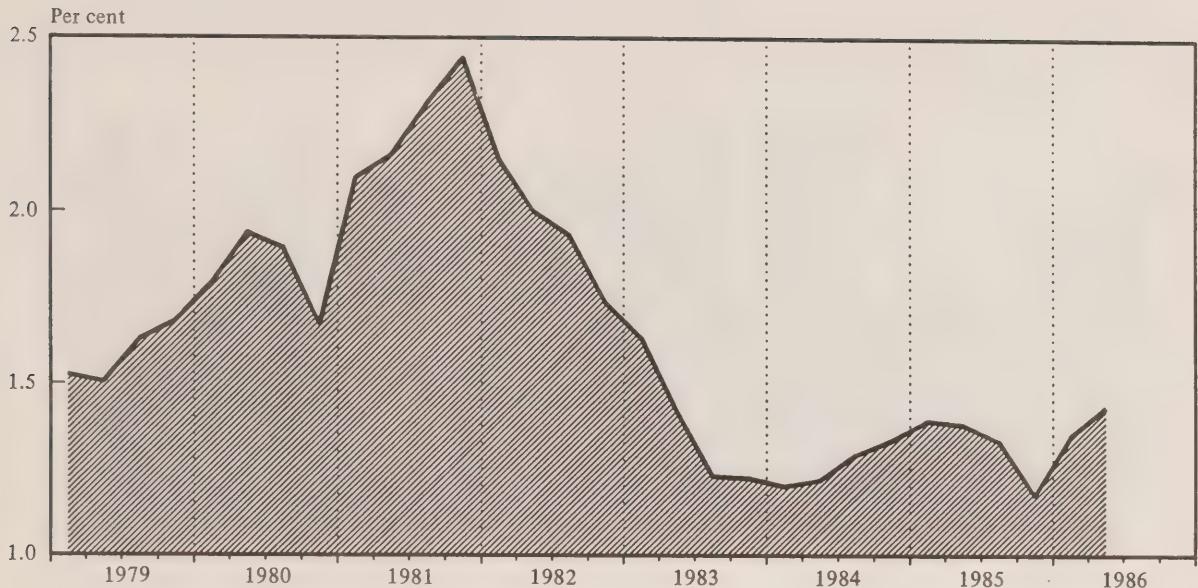
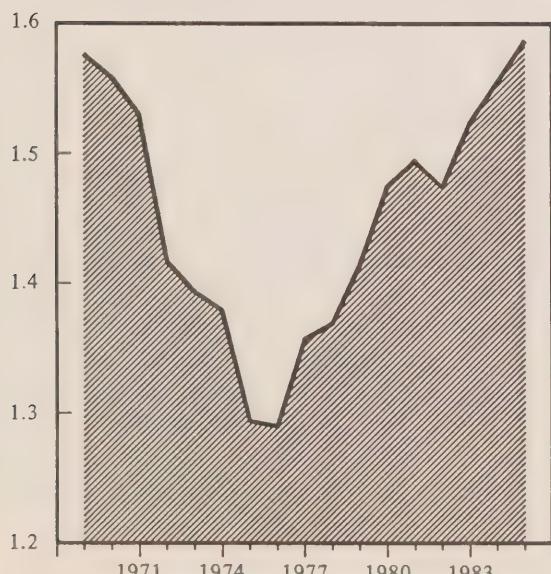


Chart 2.6

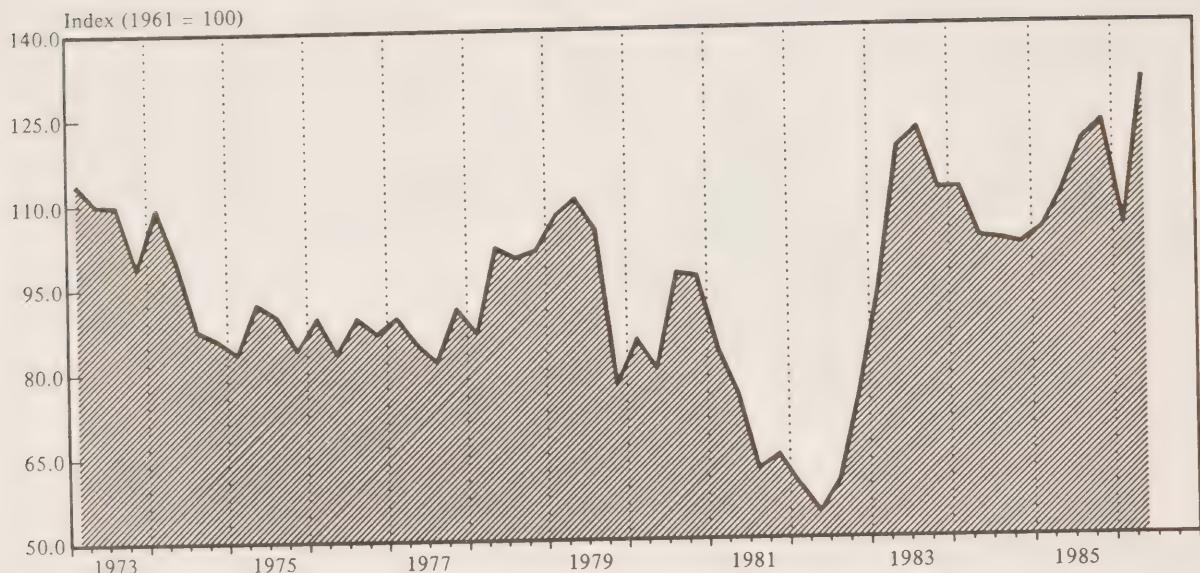
**Ratio of
Personal Financial Wealth to
Personal Disposable Income**



The high personal savings rate of recent years, coupled with declining interest rates and rising equities markets, have increased personal wealth. As a result, the personal sector is in a healthy financial position. One indicator of this health is the ratio of consumer credit interest payments to personal disposable income, which remains at low levels despite the increases in the first and second quarters of 1986 (Chart 2.5). Another indicator is the rising ratio of personal financial wealth to personal disposable income (Chart 2.6).

Chart 2.7

The Conference Board's
Index of Consumer Attitudes



In addition to being in a very solid financial position, the personal sector has been exhibiting signs of growing confidence. Indications of this are the downward trend in the personal savings rate and the Conference Board's Index of Consumer Attitudes, which rose sharply in the

second quarter (Chart 2.7) following volatile movements in the previous several quarters. These movements left the index at its highest level in over 20 years.

3. Housing

Chart 3.1

Change in Real Residential Investment

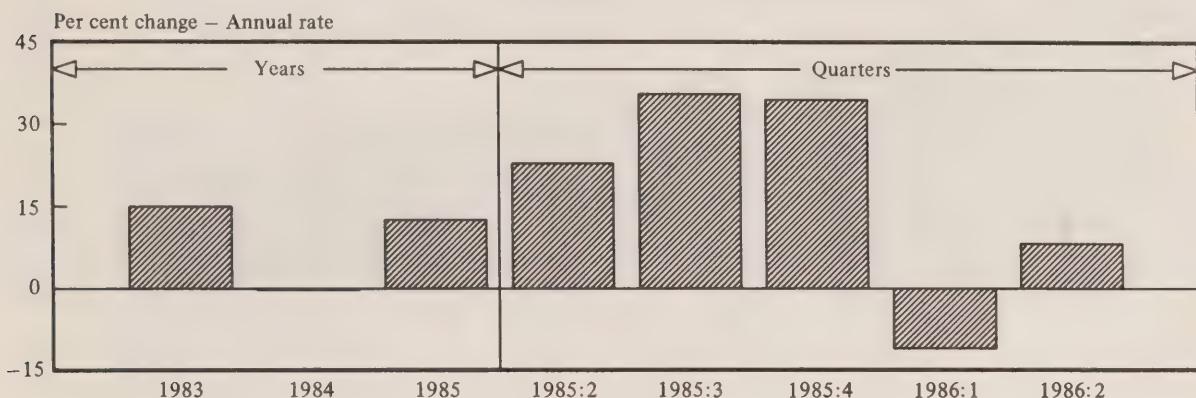
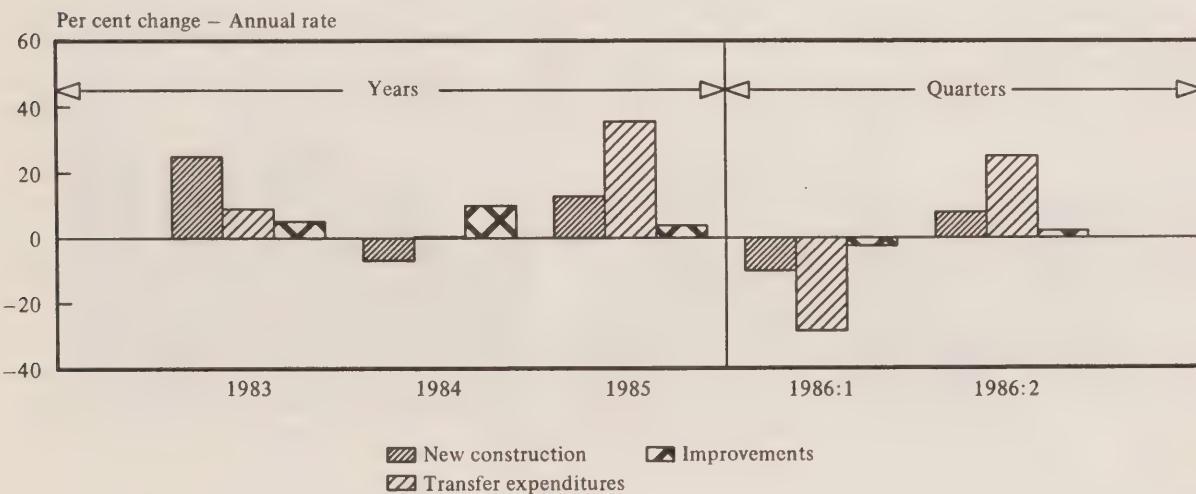


Chart 3.2

Change in Components of Real Residential Investment



Real residential investment increased 8.3% (at an annual rate) in the second quarter, following a large decline in the first quarter (Chart 3.1). These quarterly developments followed three quarters of exceptionally strong growth that raised residential investment to a record level in the fourth quarter of 1985.

All three major components of residential investment rebounded in the second quarter, with transfer expenditures (real estate commissions) experiencing the largest increase (Chart 3.2).

Chart 3.3
Mortgage Rates

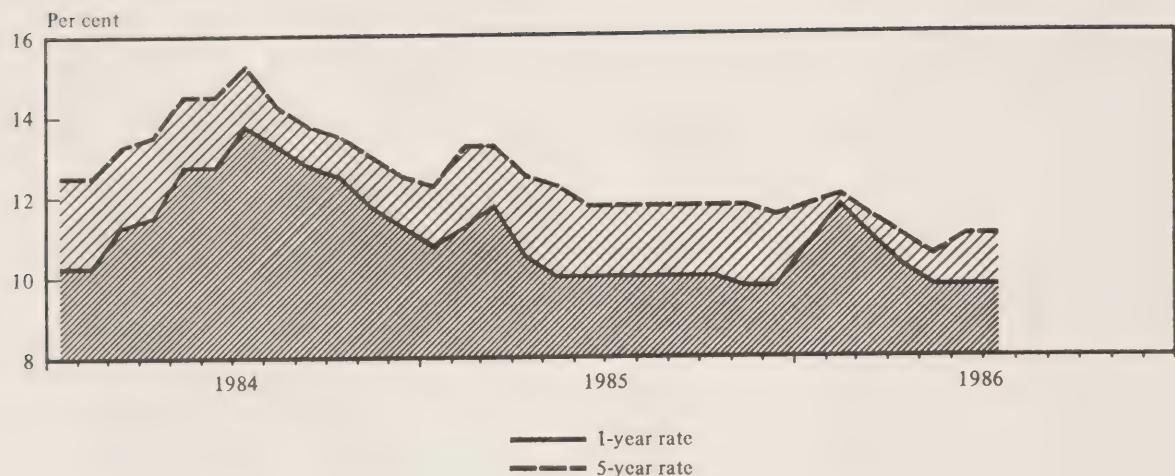
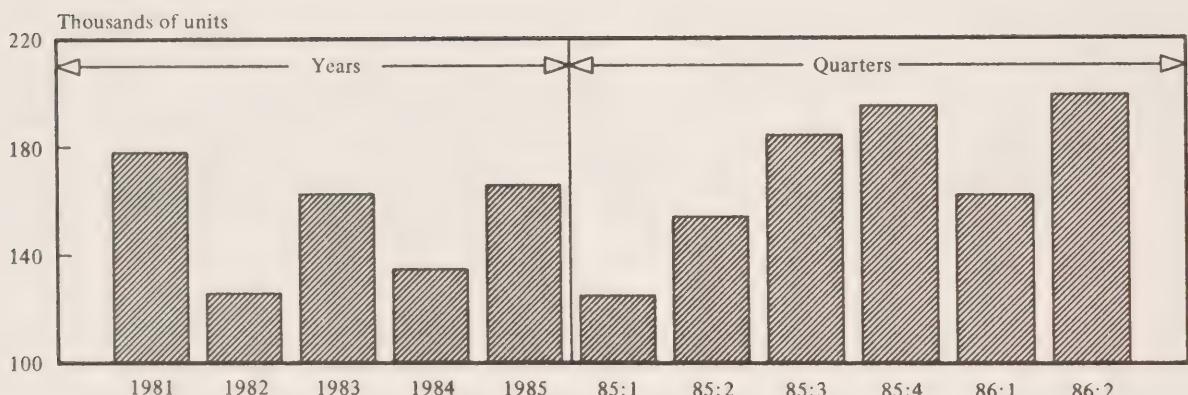


Chart 3.4
Housing Starts



The decrease in bank lending rates and mortgage rates in the second quarter of this year (Chart 3.3) reversed the sharp increases experienced early in the year. This contributed to the rebound in housing starts to 199,000 units (at an annual rate) in the second quarter from 162,000 units in the first quarter (Chart 3.4). The second quarter level of starts was the best quarterly level since the second quarter of 1983,

when starts were artificially buoyed by the termination of a government grant for new home buyers. Housing starts continued strong during July, at 198,000 units. Lower interest rates also contributed to a rebound in alterations and improvements as well as house resale activity.

Chart 3.5

Multiple Listings Service (MLS) Price of a House

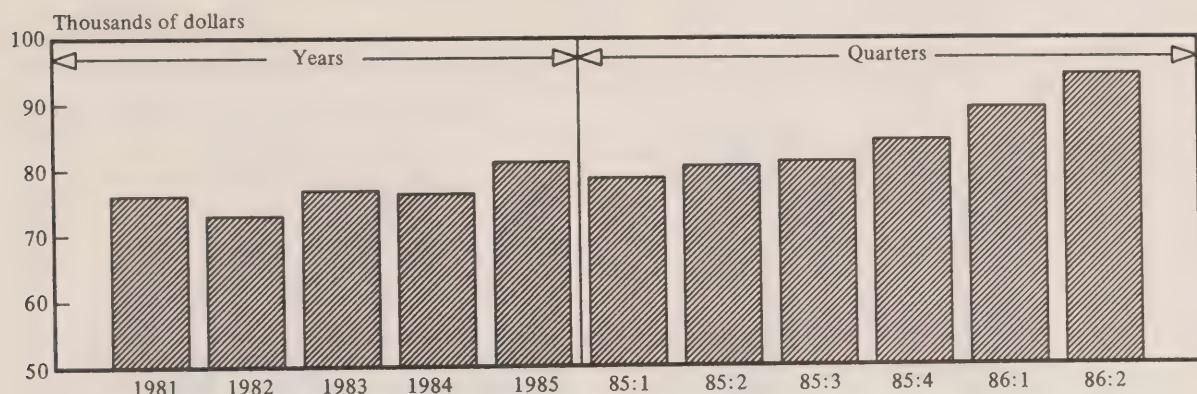
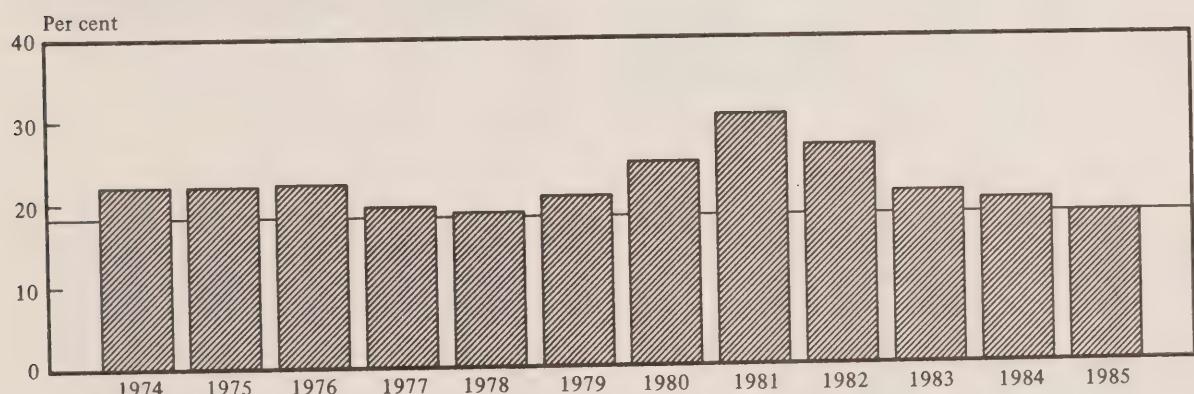


Chart 3.6

Mortgage Payments' Share of Household Disposable Income

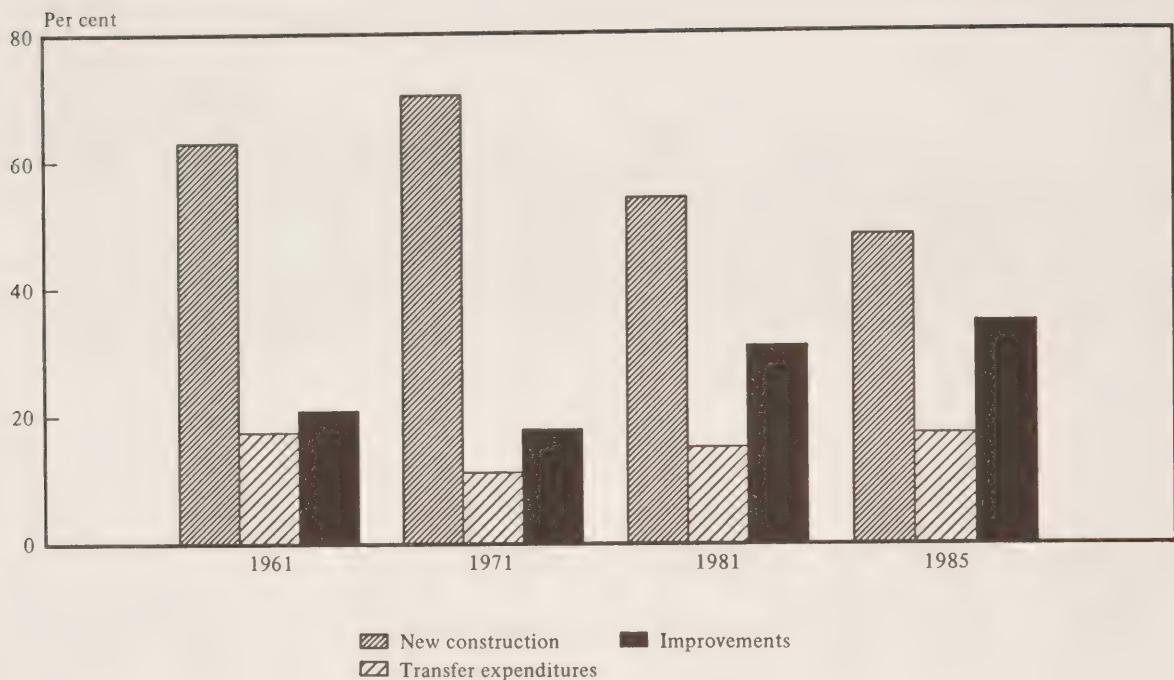


Improved economic prospects and sentiments (consumer confidence is at record levels) in the household sector over the last two years have led to a significantly increased demand for houses. The resulting upward pressure on house prices (Chart 3.5), coupled with the lower interest rates, have stimulated the supply of new housing as evidenced by the increases in starts. Despite these higher house prices, lower mortgage rates and higher incomes have lowered mortgage payments on a newly purchased home relative to disposable income per household to its lowest level in over 10 years (Chart 3.6). This factor,

combined with still-strong pent-up demand for housing (resulting from at least six years of starts being below standard estimates of household formation based on demographic information), suggests that the level of residential investment should stay at or near recent high levels over the near term. As a result, both the resale and new house markets should remain buoyant.

Chart 3.7

**Shares of Components of
Real Residential Investment**



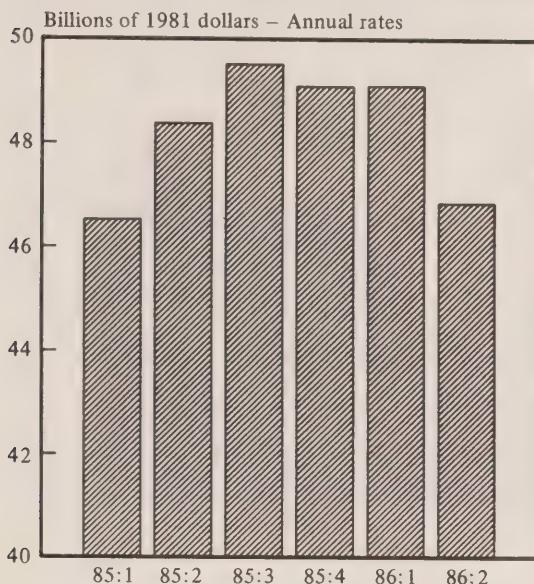
The recently revised Income and Expenditure Accounts data included a redefined measure of the alterations and improvements category of real business residential investment expenditures. This change, which was designed to measure more accurately residential investment, has significantly increased the level of this component and its share of residential investment. Chart 3.7 shows the shares of the various components of residential investment.

Of some interest is the evolution of these shares over time. The upward trend in the share of improvements since 1971 compared to new construction has helped to bolster construction employment due to the relatively greater labour intensity of alterations and improvements compared to new construction.

4. Business Non-Residential Investment

Chart 4.1

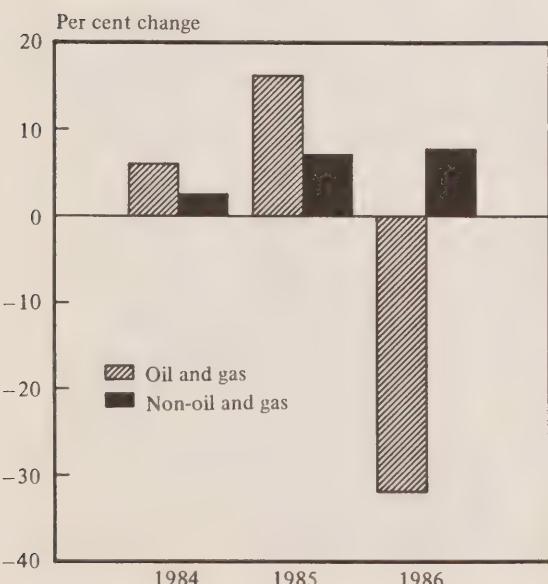
Real Business Fixed Investment



Real business non-residential fixed investment fell 17.1% (at annual rates) in the second quarter as continued strength in investment outside the resource sector was not sufficient to offset a substantial decline in oil and gas investment. However, even with the large investment decline in the oil and gas sector, total investment remained above levels in early 1985, reflecting the substantial investment growth in mid-1985 and continued strong investment conditions in the non-resource sector. Given the extent of weakness in investment to date in 1986, the Mid-Year Private and Public Investment Intentions Survey would suggest that private business investment should not be a source of economic weakness in the second half of 1986.

Chart 4.2

Change in Nominal Business Fixed Investment (Mid-Year Forecast)



The results of the Mid-Year PPI Survey indicate that the weakness in investment in 1986 is emanating largely from the oil and gas sector, due to the abrupt fall in international crude petroleum prices commencing early in 1986. Nominal investment growth in the oil and gas industry is expected to decline 31.9% this year after increasing 16.2% in 1985. Outside the oil and gas sector, investment growth is expected to continue to strengthen in 1986. In particular, manufacturing investment growth is expected to register a strong 26.7% advance in 1986 outstripping the 23.8% growth in 1985.

Chart 4.3

**Manufacturing Capacity Utilization
(Bank of Canada Measure)**

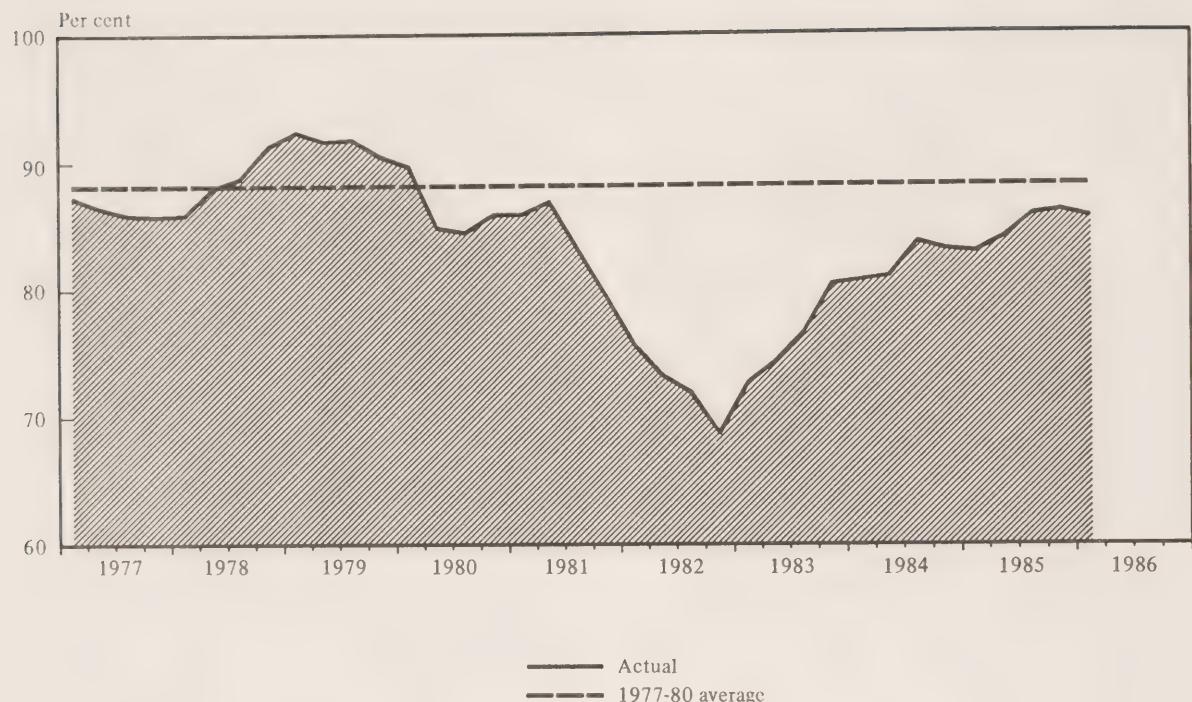
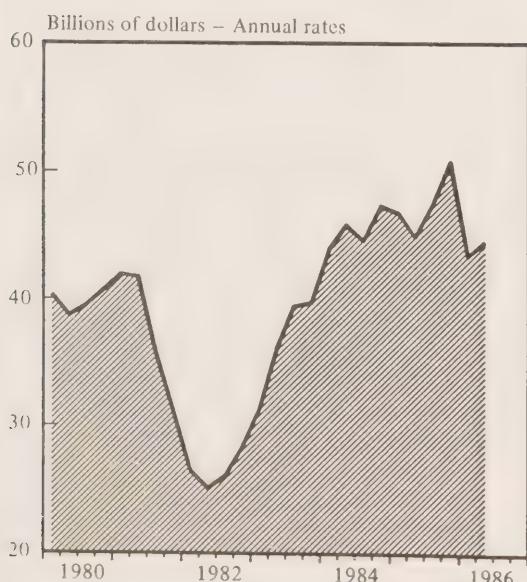


Chart 4.4

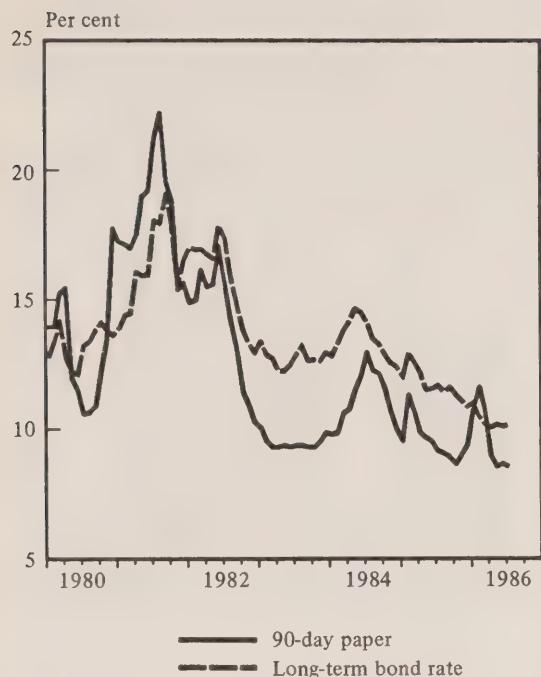
Corporation Profits Before Taxes



Conditions appear favourable for continued healthy growth in non-energy investment throughout 1986. Capacity utilization rates increased strongly throughout 1985 to levels only slightly below the 1977 to 1980 average (Chart 4.3). Although corporate profits fell substantially in the first quarter, largely because of falling oil prices, they firmed somewhat in the second quarter and are above their pre-recession peak level (Chart 4.4).

Chart 4.5

Short- and Long-Term Corporate Interest Rates



Financing costs have improved markedly, both as interest rates have fallen to their lowest levels in eight years (Chart 4.5) and stock prices have continued to strengthen. The financial position of the non-resource sector of the economy, which accounted for 60% of investment in 1985, remains healthy. Debt-to-equity ratios are at their lowest levels in over nine years allowing corporations comfortably to acquire new debt for investment (Chart 4.6). Liquidity, as measured by the interest-coverage ratio, has recovered substantially from recession levels (Chart 4.7).

Chart 4.6

Non-Resource Sector Debt-to-Equity Ratio of Large Industrial Corporations

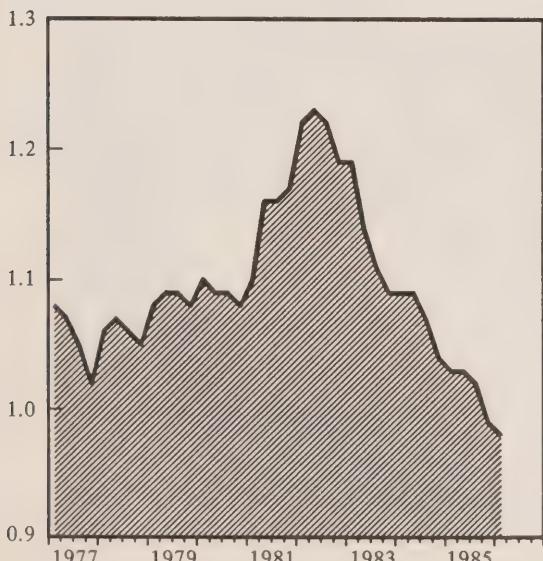


Chart 4.7

Non-Resource Sector Interest-Coverage Ratio (Cash Flow/Interest Costs)

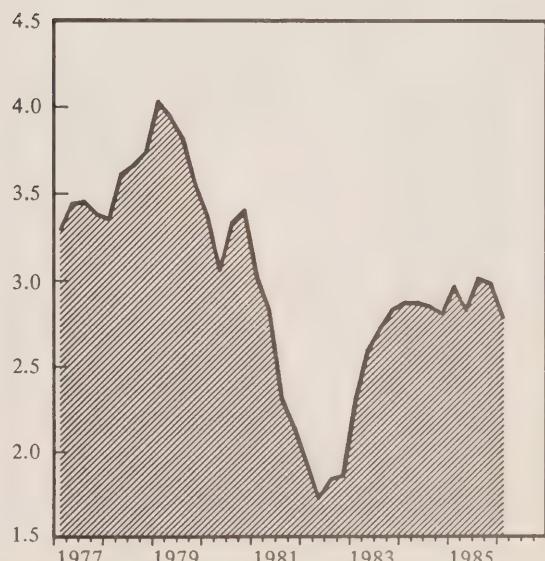
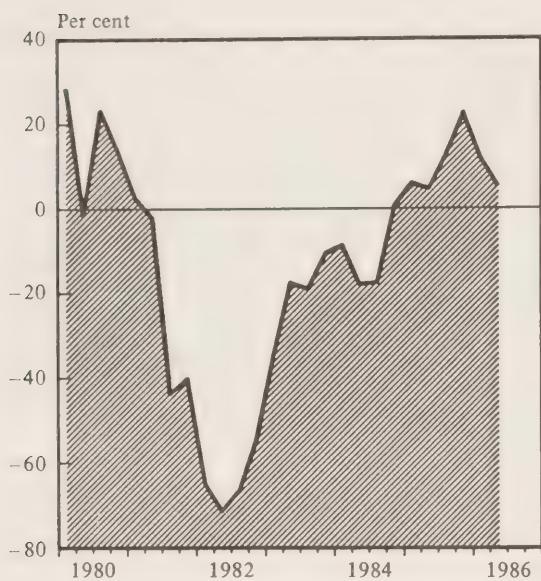


Chart 4.8

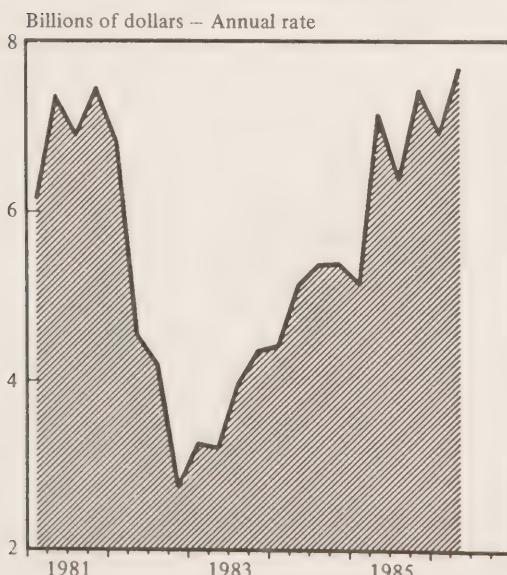
Net Proportion of Managers Who Think it is a Good Time to Invest



The Conference Board of Canada's *Survey of Business Attitudes* shows that managers' evaluations of investment prospects remain positive, a situation similar to the pre-1981 period and in stark contrast to the investment recession over the 1982-1984 period.

Chart 4.9

Value of Business Non-Residential Building Permits

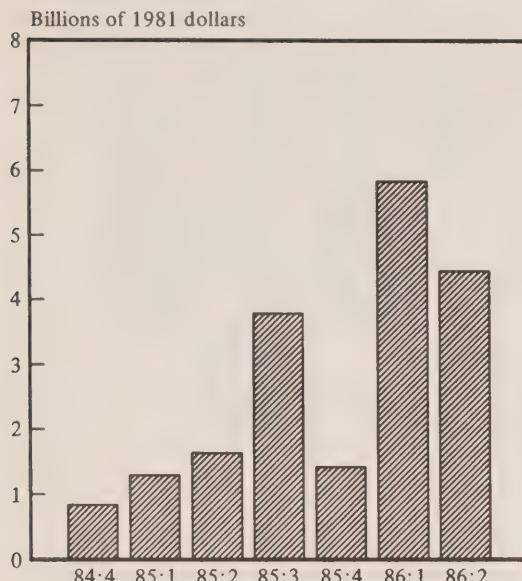


The rising value of business non-residential building permits also points to continued strength in non-residential construction expenditures outside of oil and gas drilling. By the end of 1985, the value of permits had reached its pre-recession peak and since then has registered further gains.

5. Business Inventories

Chart 5.1

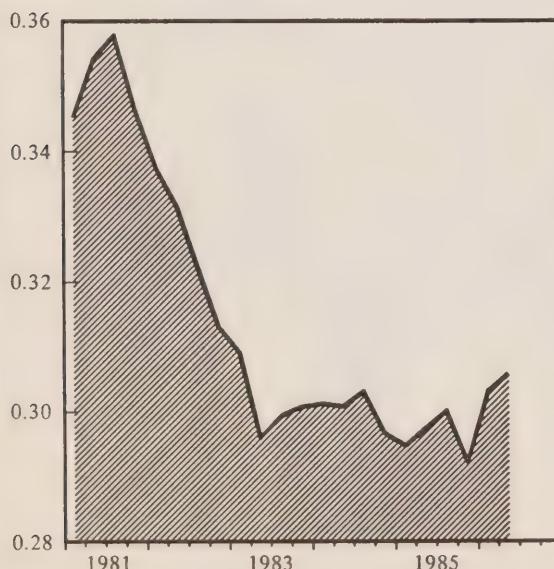
Business Inventory Investment



Business inventory investment has had a volatile and substantial impact on output growth over the past year and a half (Chart 5.1). In the first quarter of 1986 the increased inventory accumulation exceeded the increase in real GDP, with all of the gain occurring at the retail and wholesale level. In the second quarter, this situation reversed with a slight reduction in inventory investment. This reduction in business inventory investment was in most part compensated for by farm inventories which more than doubled. Despite this decline in inventory investment in the second quarter, the \$4.4 billion business inventory accumulation (in 1981 dollars) is high by recent historical standards. Most of the accumulation occurred at the wholesale and manufacturing level. As a result, inventory investment will probably ease during the next couple of quarters.

Chart 5.2

Goods-Producing Sector Inventory-to-Sales Ratio

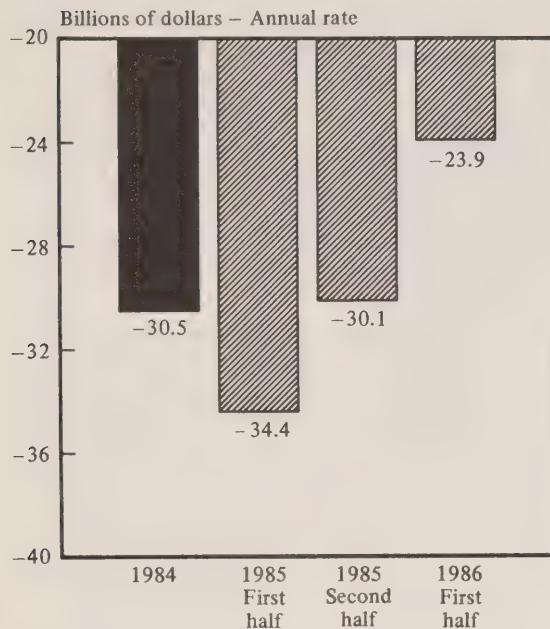


Despite the last two quarters of very strong inventory accumulation, the inventory-to-sales ratio remains only slightly above its average of the past three years and much below levels of the late 1970s.

6. Government Sector

Chart 6.1

Federal Deficit (CIEA Basis)



The federal deficit on a Canadian Income and Expenditure Accounts (CIEA) basis diminished substantially in the first half of 1986 (Chart 6.1) as total spending declined in absolute terms. The decline was in part due to the freeze on discretionary spending.

For the first half of 1986, revenues advanced 6.7% while expenditures declined 4.2% (Chart 6.2). The revenue category that experienced the fastest growth was direct taxes, persons. Spending on goods and services, transfers to persons and debt interest all grew slowly. The category "other" spending fell sharply in the first half of 1986, reflecting reductions in subsidies, capital assistance and capital formation.

Chart 6.2

Change in Federal Government Revenues and Expenditures in the First Half of 1986 (CIEA Basis)

Per cent change – Year over year

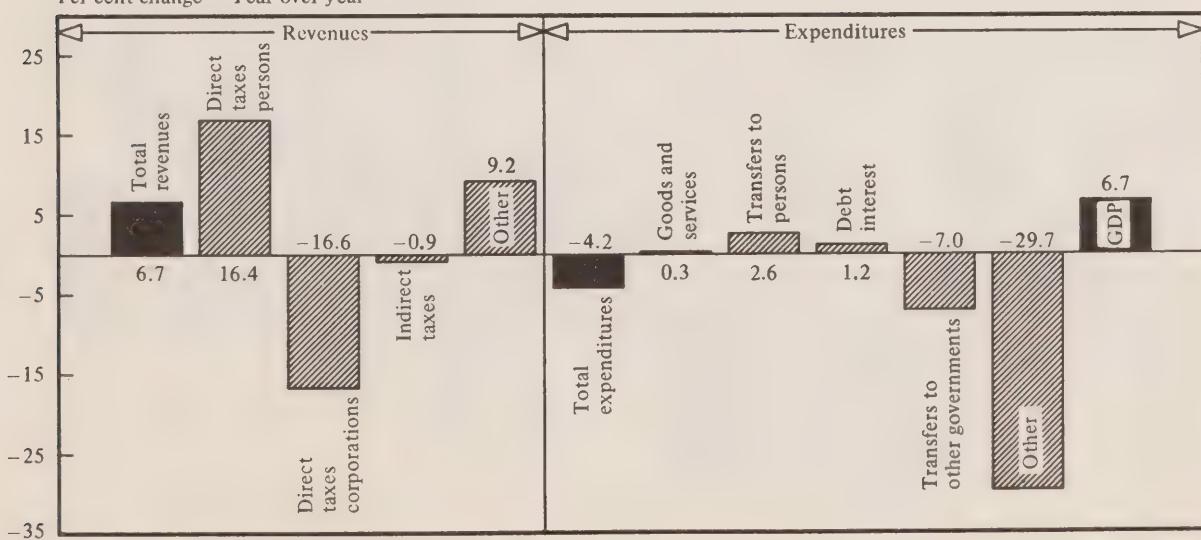
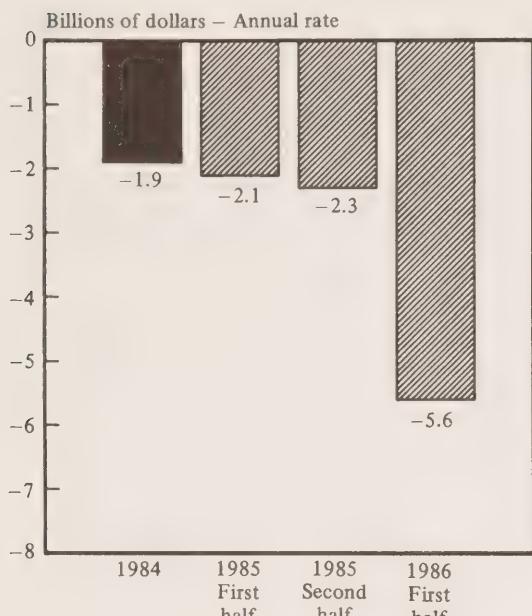


Chart 6.3

**Provincial and Local Governments and Hospitals Balance
(CIEA Basis)**



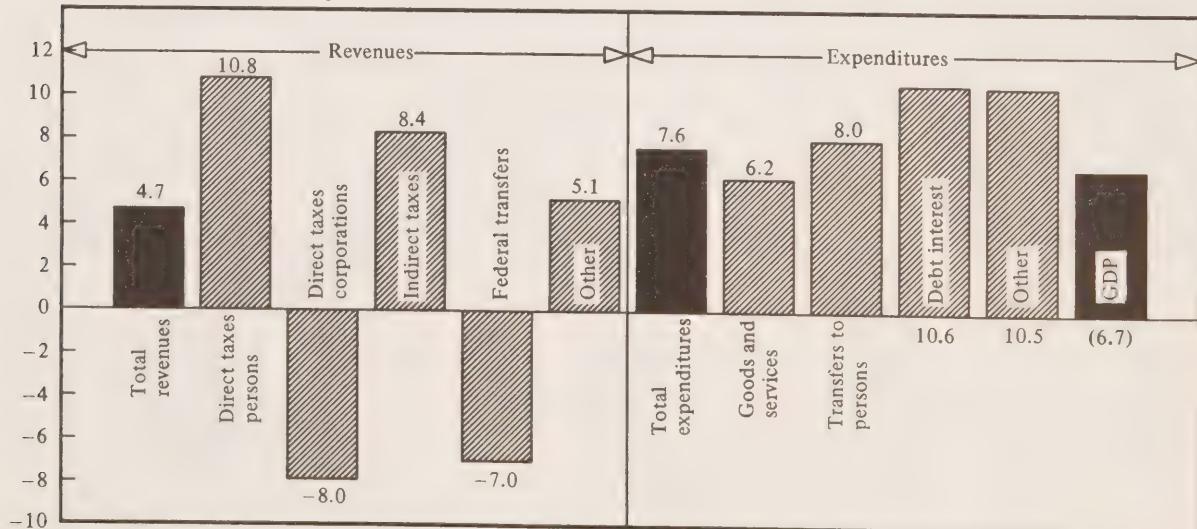
The consolidated provincial-local-hospital (PLH) sector averaged a deficit of slightly over \$2 billion in 1985, before increasing to \$5.6 billion (annual rates) in the first half of 1986 (Chart 6.3). The increase in the deficit in the first half reflected, in part, weakness in revenues for direct taxes corporations, and investment income, and increased spending across most components.

For the first half of 1986, PLH revenues rose 4.7% and expenditures rose 7.6% (Chart 6.4). Revenue growth was led by increased direct taxes persons and indirect taxes. The decline in federal transfers was attributable to the high level that occurred in the first half of 1985 as a result of retroactive payments made at that time. The strength in expenditure growth was widespread, led by increased spending on debt interest and subsidies.

Chart 6.4

**Change in Provincial and Local Governments and Hospitals Revenues and Expenditures in the First Half of 1986
(CIEA Basis)**

Per cent change – Year over year

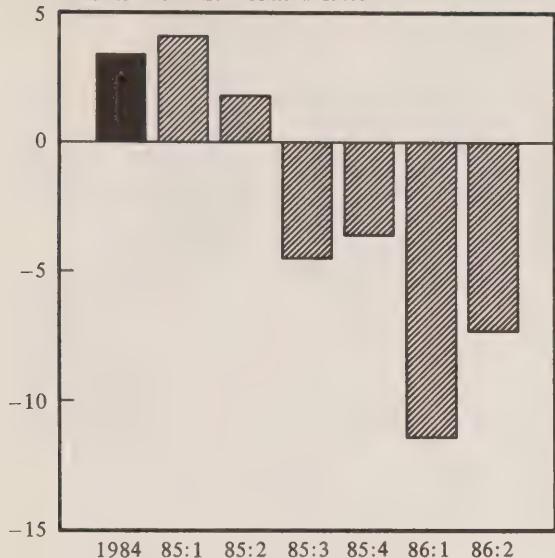


7. Foreign Trade and International Developments

Chart 7.1

Current Account Balance

Billions of dollars – Annual rates

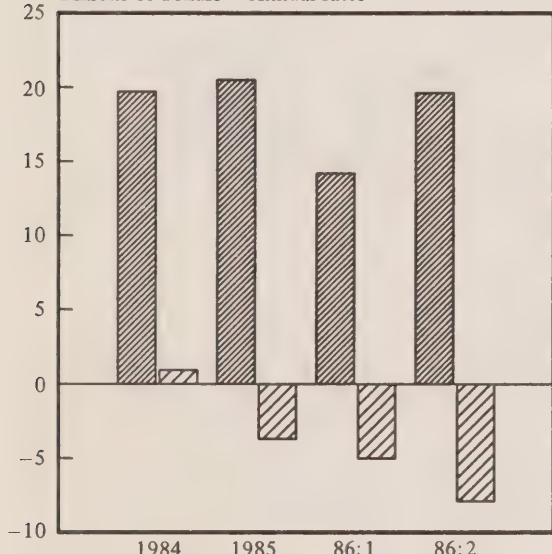


After reaching a record deficit of \$11.4 billion (at an annual rate) in the first quarter, the current account deficit was reduced significantly in the second quarter to \$7.3 billion (at an annual rate). The sharp deterioration in the first half of the year was mainly due to the sudden fall in the terms of trade (principally energy and grain prices) and weakness in export markets.

Chart 7.2

Merchandise Trade Balance with U.S. and Other Countries

Billions of dollars – Annual rates

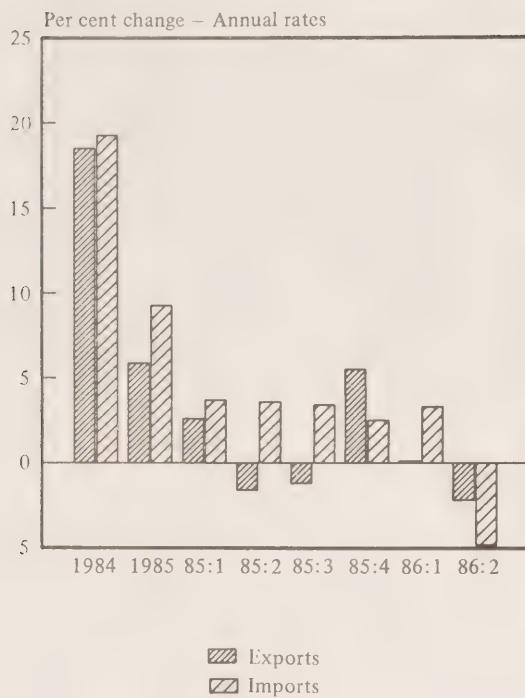


The deterioration in the merchandise trade balance from \$16.1 billion (annual rate) in the fourth quarter of 1985 to \$9.2 billion in the first quarter of 1986 was broadly based geographically. The surplus with the U.S. fell and the deficit with overseas countries increased. In the second quarter, the surplus with the U.S. improved by enough to offset the growing trade deficit with our overseas trading partners which began deteriorating in early 1984. However, some improvement over the near term in our trade with these countries is likely to materialize in response to the significant depreciation of the Canadian dollar against overseas currencies as well as an expected pick-up in overseas economic activity.

■ U.S.
■ Other countries

Chart 7.3

Changes in Real Merchandise Exports and Imports

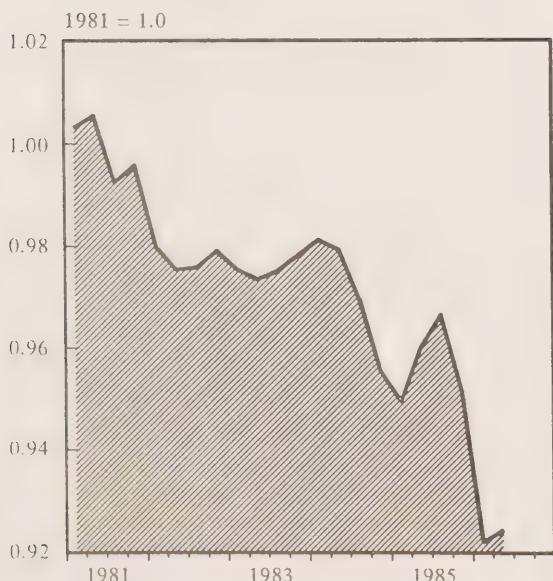


In real terms, the merchandise trade balance improved substantially in the second quarter with the drop in the value of imports outweighing further weakness in the value of exports. The weakness in exports was, in part, the result of slower U.S. demand for motor vehicles. Also, the reduction in world demand for wheat and fabricated materials contributed to the overall decline in exports.

After five quarters of continued increase, the volume of imports decreased sharply in the second quarter due to reduced imports of motor vehicles from the U.S. and overseas countries. Imports of consumer goods, industrial materials and machinery and equipment also decreased significantly.

Chart 7.4

Merchandise Terms of Trade



General weakness in commodity markets caused the terms of trade (defined as the ratio of export to import prices) to decline sharply in the first half of the year. The sharp drop in the export prices of energy products reflected the fall of world crude oil prices, while grain prices decreased considerably following the introduction of the U.S. Farm Bill. With the depreciation of the Canadian dollar over the last year, principally against overseas currencies but also against the U.S. dollar, the import prices of end products and industrial materials and food increased significantly.

Chart 7.5

**Real GNP/GDP Growth in Major OECD Countries
in 1985**

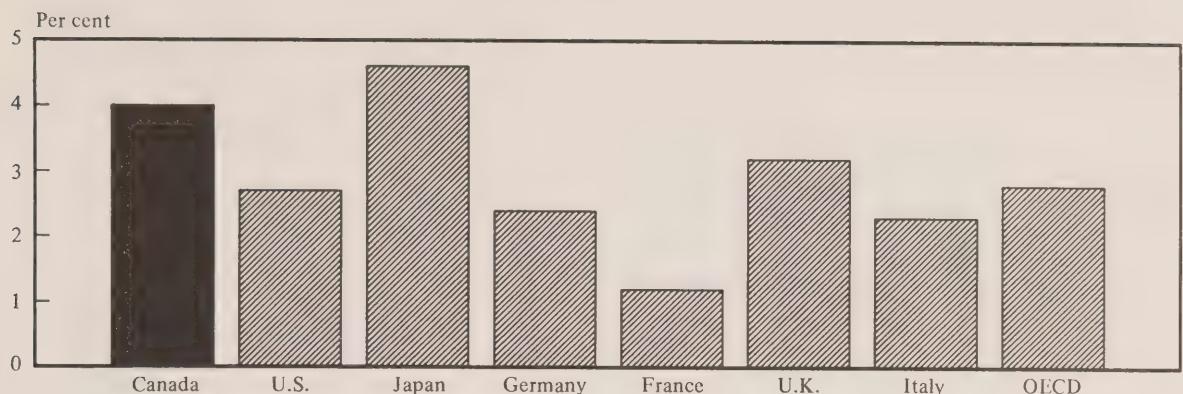
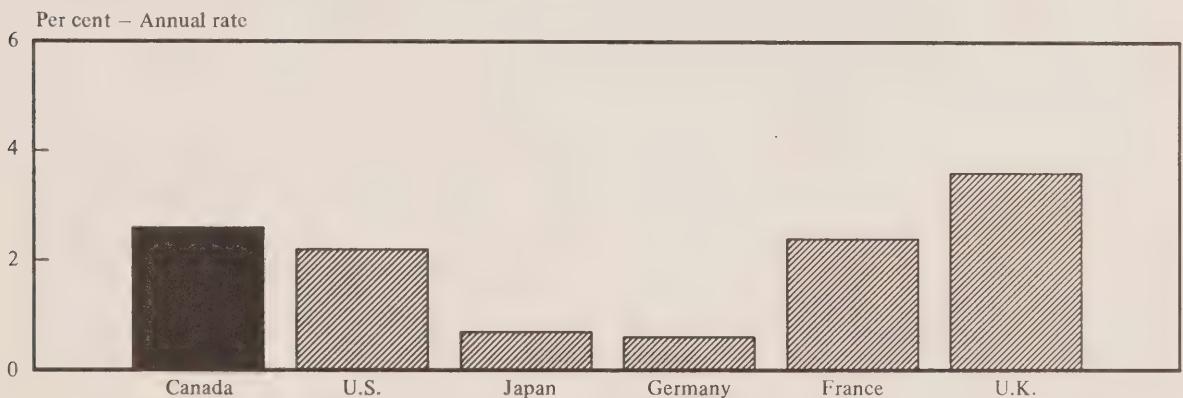


Chart 7.6

**Real GNP/GDP Growth in Major Trading Partners
The First Half of 1986**



The revised Income and Expenditure Accounts show that growth in Canada during 1985, at 4.0%, was the second highest amongst the major OECD countries after Japan.

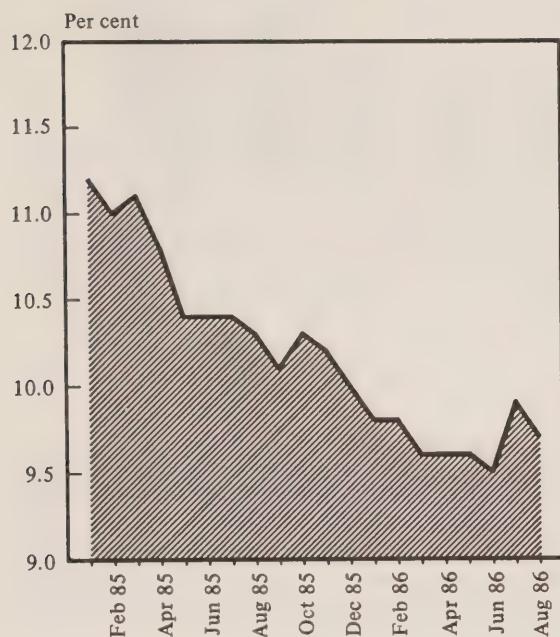
Although growth in the Canadian economy slowed substantially over the first half of 1986 to 2.6%, it was above that experienced in the U.S., Japan, Germany and France. Growth in the U.K., on the other hand, was greater. It is anticipated that economic performance will

improve throughout the remainder of 1986 in the OECD area. Official estimates of real GDP growth in the second quarter for Japan, Germany and France all point to a pick-up in growth in the second quarter. As well, the OECD is forecasting growth in industrial countries to be above potential over the remainder of 1986.

8. The Labour Market

Chart 8.1

The Unemployment Rate Since January 1985

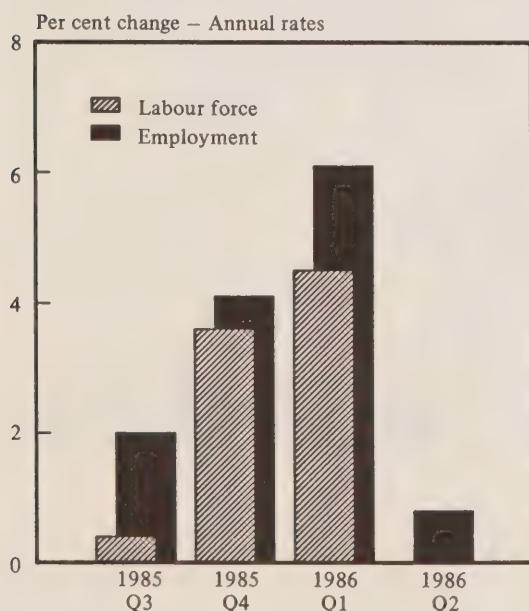


Over the last year and a half, the unemployment rate fluctuated about a strong downward trend. During the first six months of 1986, the rate continued to decline, reaching 9.5% in June. In July, however, it jumped to 9.9% before falling back to 9.7% in August.

The total unemployment rate has fallen 3.1 percentage points since December 1982, representing a drop in the level of unemployment of 295,000, in the face of a large 834,000 increase in the labour force. Over this same period, the adult unemployment rate declined 2.0 percentage points, while the rate for youths has fallen 5.9 percentage points.

Chart 8.2

Recent Growth in Employment and the Labour Force

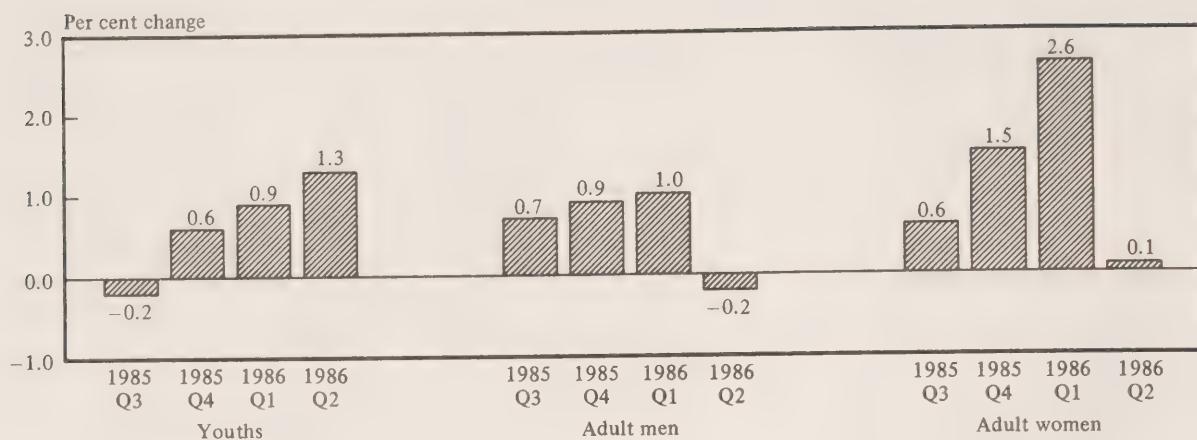


The large increase in the number of jobs recorded in the first quarter of this year (January saw a record 129,000 jobs created), was in response to the strong increase in output over the last half of 1985. This was followed by much weaker employment gains over the second quarter as output growth slowed in the first half of 1986. The August employment level remains about the same as that in January. Despite this pattern of employment developments over the year to date, the average employment level for the first eight months of 1986 is 3.4% above the same period in 1985.

Changes in labour force participation have, however, tended to dampen the effect of employment changes on the unemployment rate, except in the second quarter when the labour force remained unchanged.

Chart 8.3

Employment Changes by Age and Sex Groups



Both youths and adults shared in the increasing pace of job creation over the last half of 1985 and the first quarter of 1986. The slowing employment growth in the second quarter was concentrated in adults, as youth employment growth continued to increase, reaching its highest rate in a year. On average in the first two months of the third quarter, however, youths accounted for much of the employment weakness.

Goods employment led employment growth in the first quarter of 1986, but it declined sharply in the second quarter and during the first two months of the third quarter. Services employment growth has been more stable, showing little variation about a steady pace of growth over the last four quarters.

Chart 8.4

Employment Growth in Goods and Services

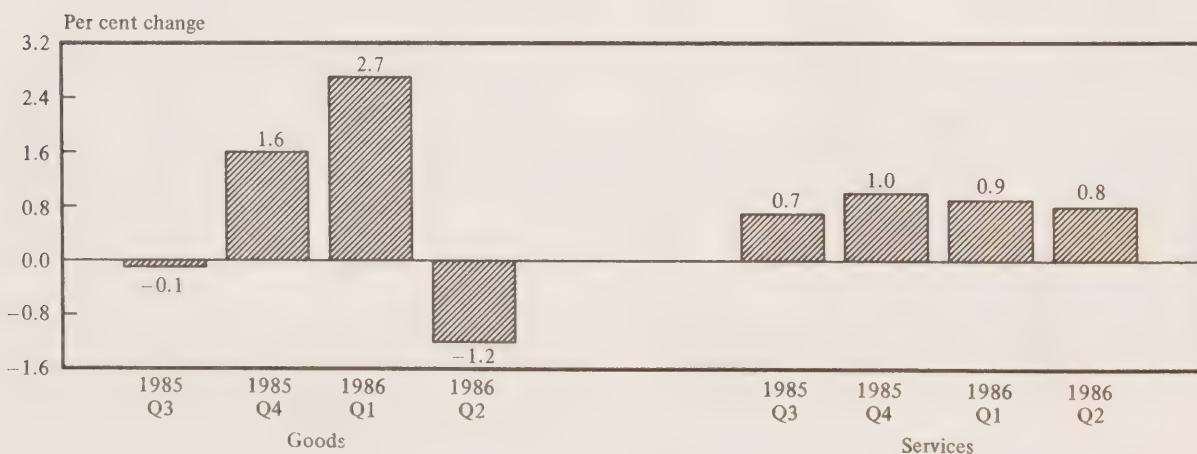
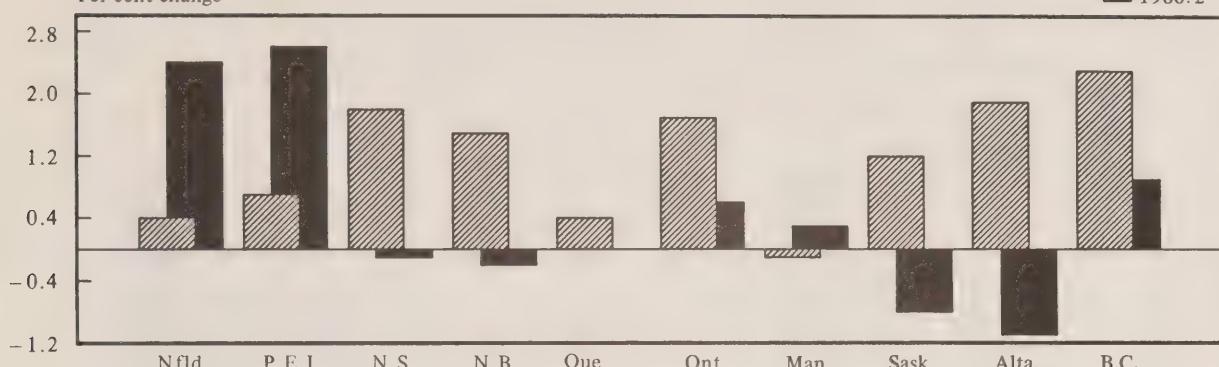


Chart 8.5

**Employment Change by Province
In 1986**

1986:1
1986:2

Per cent change



In the first quarter of 1986, employment grew in all provinces except Manitoba. There was a greater divergence of employment experience, however, in the second quarter. Alberta and Saskatchewan, in particular, suffered sharp declines in employment in reaction to falling

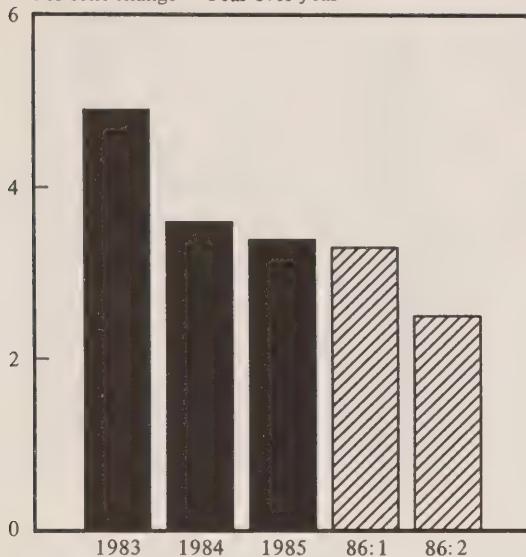
oil and grain prices; at the same time, Newfoundland and Prince Edward Island registered large rates of increase and healthy paces of growth were also recorded in B.C. and Ontario.

9. Price and Wage Sector

Chart 9.1

GDP Inflation

Per cent change – Year over year



The first half of the year witnessed further moderation in overall price increases. The rate of increase of the GDP implicit deflator (Chart 9.1), the broadest measure of the prices of Canadian output, eased to 2.5% (year-over-year) in the second quarter while CPI inflation rate was 3.9% during the same period (Chart 9.2). Differences between the two measures of inflation reflect the drop in the terms of trade over the first half of the year. Underlying the first-half developments were the offsetting effects of a sharp decline in the price of energy and increases in the prices of several other goods and services.

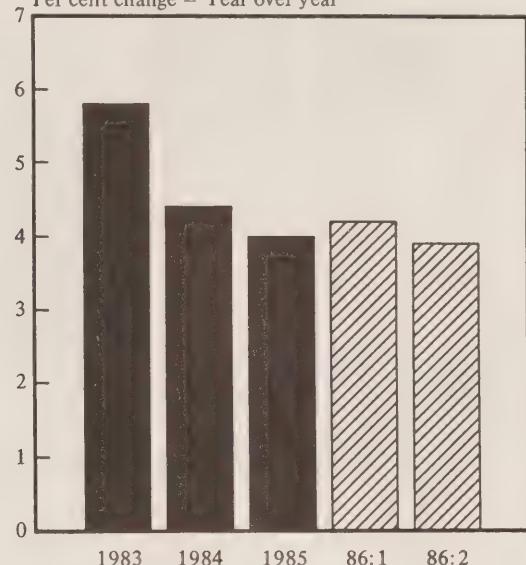
In the case of the CPI, the decline in the energy component reflected lower prices for gasoline and fuel oil. These declines were mitigated to some extent by several other factors that tended to increase the CPI excluding energy since the beginning of the year. These include:

- increases in federal and provincial indirect taxes;
- the depreciation of the Canadian dollar relative to the currencies of our overseas trading partners; and

Chart 9.2

CPI Inflation

Per cent change – Year over year



- large increases in the price of new houses (principally in Central Canada) and in the price of certain services, notably automobile insurance and public transportation.

Despite the noticeable increase of the CPI and certain raw material prices in July (due in good part to higher food prices), the outlook for inflation remains encouraging:

- unit labour cost increases have remained low since the beginning of the year (Chart 9.5 and Table 9.1) in the face of moderate wage rate increases;
- effective wage settlements, a determinant of future cost pressures, remain moderate and stable (Chart 9.6) in all areas of the country including Central Canada (Chart 9.7) where unemployment rates have declined most noticeably; and
- non-mineral fuel commodity prices remain weak and are currently only 3.0% higher than in January 1984 (Chart 9.4).

Chart 9.3

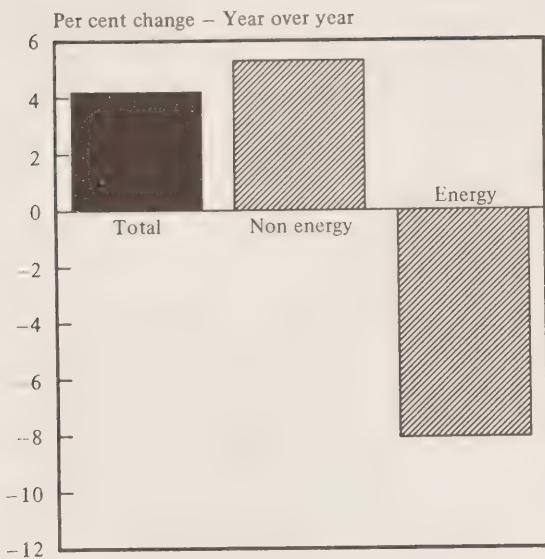
CPI as of July 1986

Chart 9.4

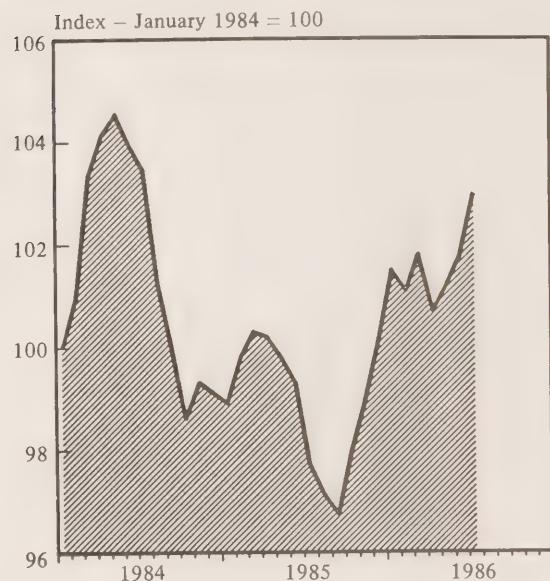
**Commodity Prices – Level
(Raw materials excluding mineral fuels)**

Table 9.1

**Major Indicators of Inflation⁽¹⁾
(Per cent change)**

	1984	1985	1985				1986		
			Q1	Q2	Q3	Q4	Q1	Q2	July
			(annual rates)				(Y/Y)		
CPI — all items	4.4	4.0	5.0	3.9	3.8	4.0	4.9	2.5	4.2
CPI — energy	5.5	5.6	11.2	1.2	-3.9	14.3	-0.8	-34.7	-8.1
GDP deflator	3.6	3.4	4.1	5.1	4.7	1.6	2.0	1.9	n.a.
Total domestic demand									
excluding imports	4.1	4.1	6.4	3.2	4.6	4.0	4.3	4.5	n.a.
Unit labour costs	1.9	3.1	3.2	5.0	4.5	-1.6	2.7	0.3	n.a.
Average wage	4.9	4.2	5.1	1.3	5.8	1.3	-1.1	2.5	n.a.
Labour productivity	3.0	1.1	1.8	-3.5	1.2	3.0	-3.7	2.2	n.a.
Profit margins									
(Profit per unit of output)	17.6	0.6	-7.4	-16.3	21.3	21.2	-47.5	6.9	n.a.
Effective wage settlements	3.6	3.6	3.3	3.5	3.8	3.8	3.5	3.7	n.a.
Industrial product price index (IPPI) ⁽²⁾	4.5	2.8	4.9	2.2	0.1	3.1	4.1	-5.5	0.3
Raw materials price index (RMPI) ⁽²⁾	3.0	1.1	6.2	-1.0	-10.4	8.8	-28.5	-48.1	-21.1

(1) Using seasonally adjusted data for relevant series. The CPI energy index is seasonally adjusted by the Department of Finance.

(2) Seasonally adjusted data not available.

Chart 9.5

Average Wage Rate and Unit Labour Costs

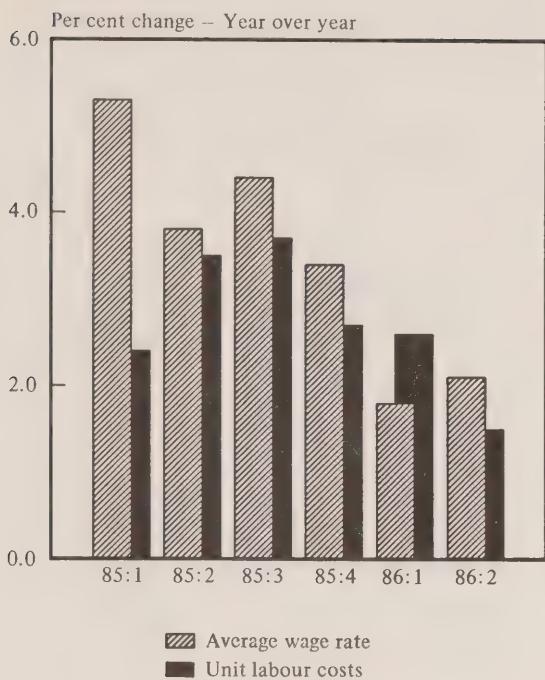
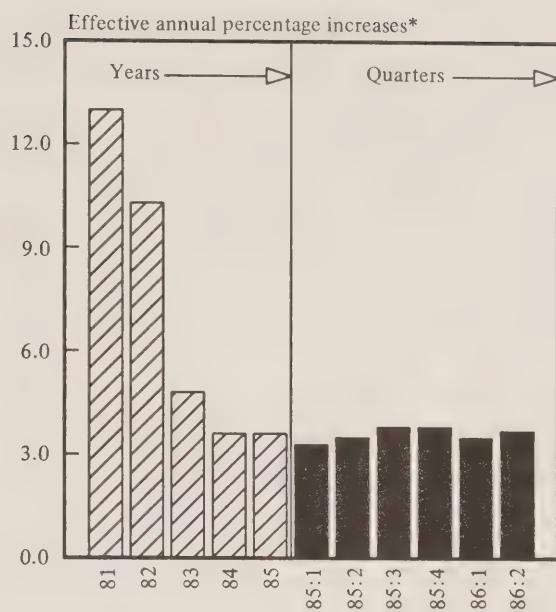


Chart 9.6

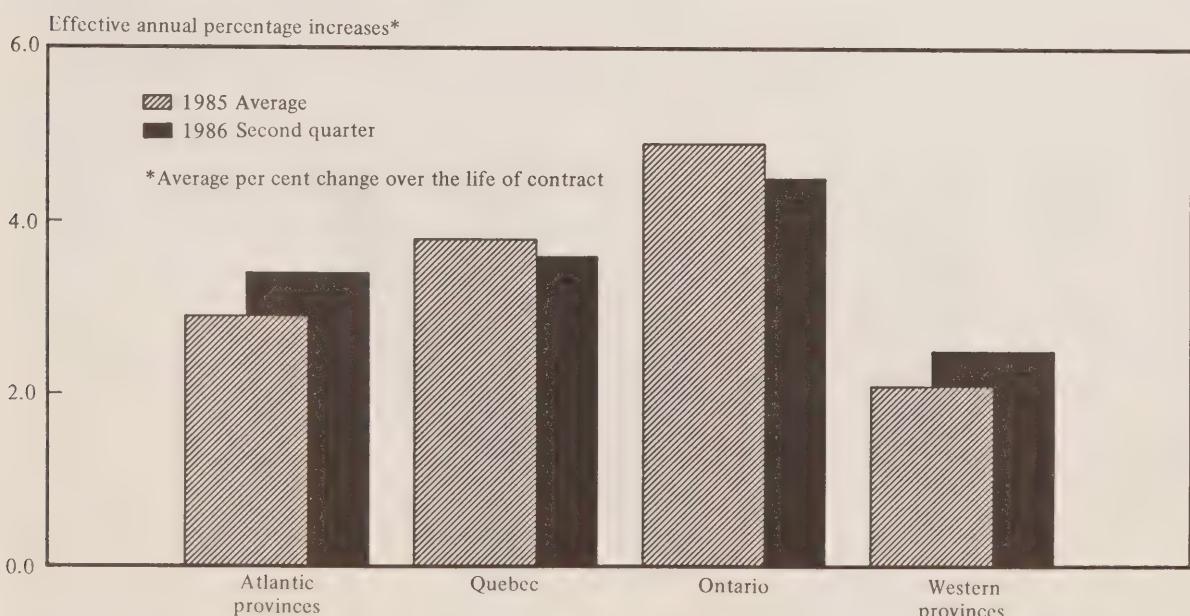
Wage Settlements All Industries



*Average per cent change over the life of contract

Chart 9.7

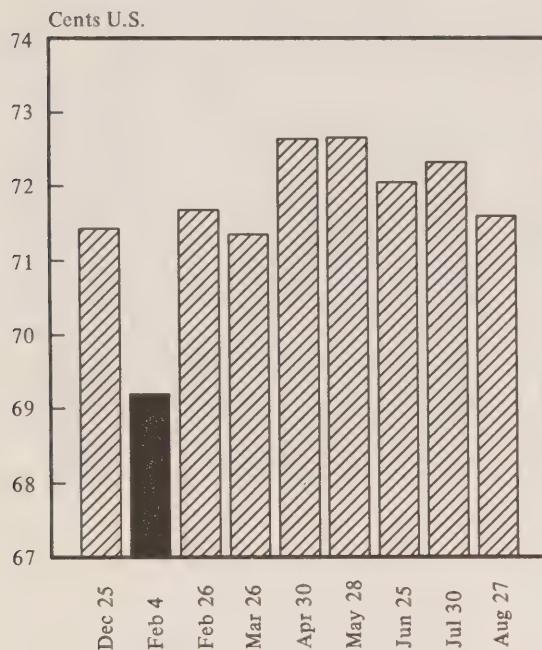
Wage Settlements by Regions All Industries



10. Financial Sector

Chart 10.1

Canadian Dollar (Closing Value)



After experiencing severe downward pressure early in the year, reaching a record low of U.S. \$0.6913, the Canadian dollar rebounded quickly. Since then it has been relatively stable, with most trading occurring in a range of 71.5 – 73.0 U.S. cents (Chart 10.1).

Both the Canadian and U.S. dollars have depreciated substantially against major overseas currencies since early 1985 (Chart 10.2) when the U.S. dollar peaked in international markets. By August, although the Canadian dollar had only fallen slightly against the U.S. dollar, it had depreciated against a trade-weighted average of major overseas currencies by 34.9%. Against a trade-weighted average of major currencies including the U.S. dollar (that is, those of the G-10 countries), the Canadian dollar has depreciated by 7.8% since March 1985.

Chart 10.2

Changes in the Value of the Canadian Dollar Relative to the Currencies of Major Trading Partners As of August 1986

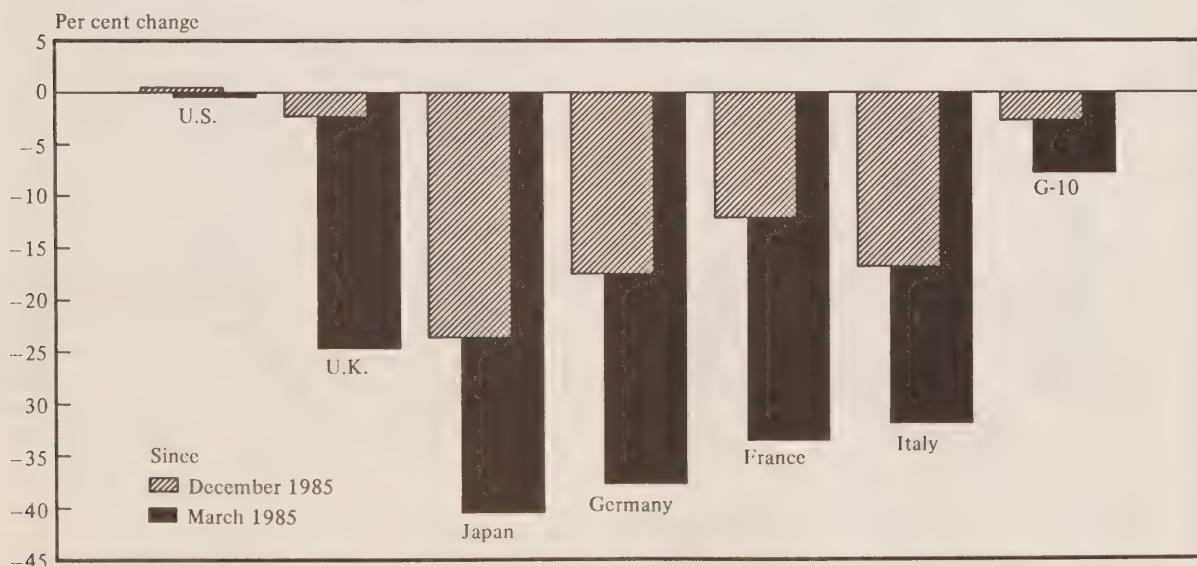
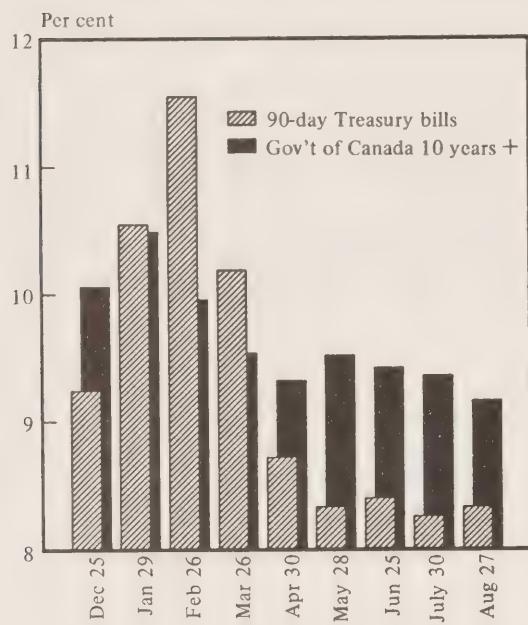


Chart 10.3

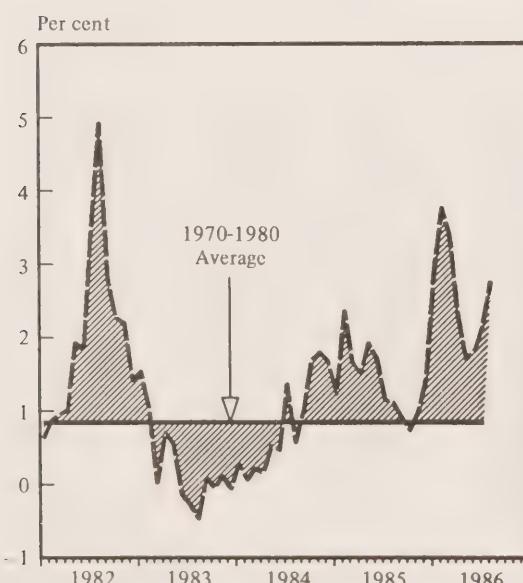
Canadian Short- and Long-Term Interest Rates



Short-term interest rates rose dramatically in January and February as the Canadian dollar came under severe downward pressure (Chart 10.3). Since early March, however, they have dropped to their lowest levels in eight years. Canadian long-term rates declined with those in the U.S., although at a more moderate pace. The rapid decline in U.S. long-term rates was a result of reduced inflationary expectations accompanying the fall in oil prices and positive market sentiment accompanying the passage of the Gramm-Rudman Bill. The yield curve, which was sharply inverted in early 1986, has now returned to a more normal, upward slope.

Chart 10.4

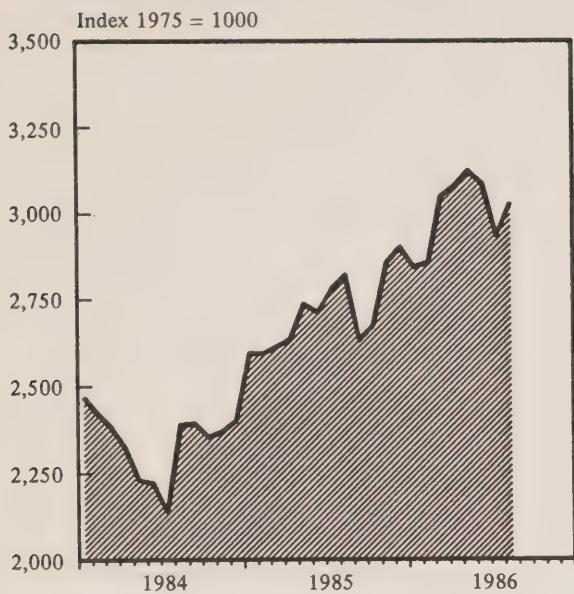
Canadian and U.S. Uncovered Differential On 90-Day Commercial Paper



Responding to the sharp depreciation of the dollar in early 1986, the differential with U.S. short-term interest rates widened from its year-end value of 140 basis points to a peak of 450 basis points in mid-February, its highest level since mid-1982 (Chart 10.4). With the recovery in the Canadian dollar relative to the U.S. dollar, the differential fell off sharply, but remained in the range of 170-300 basis points, well above averages observed during the 1970s. By late August, the differential widened again somewhat as U.S. short-term rates declined while Canadian rates remained relatively stable.

Chart 10.5

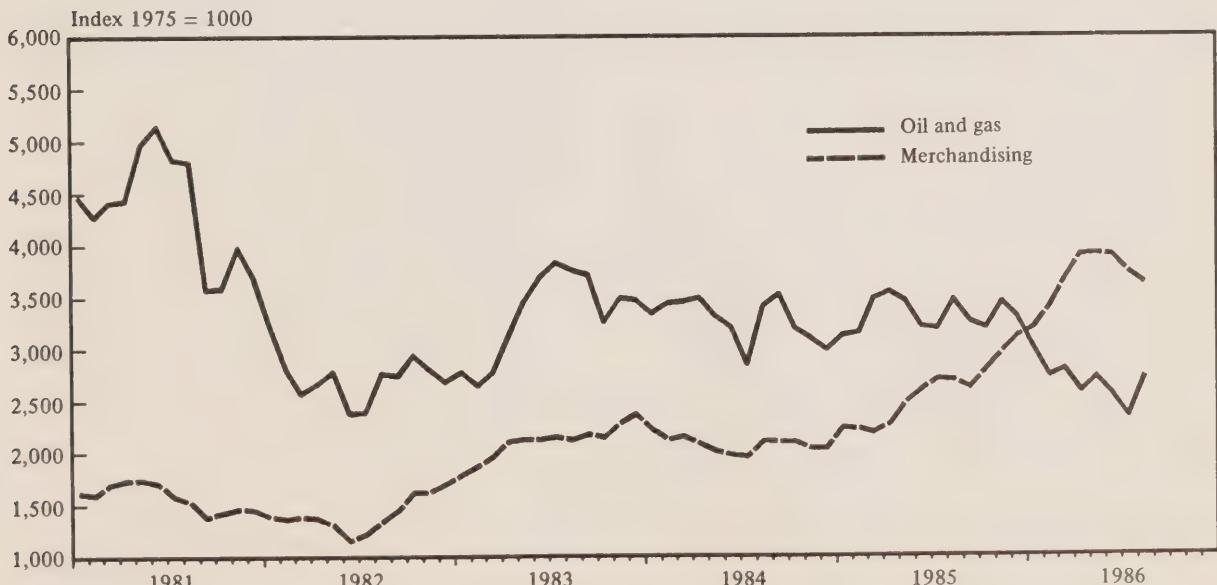
**TSE 300 Composite Index
(Month-End Closing Quotation)**



The stock market set a record high in mid-April, touching values above the 3100 level (Chart 10.5) although it has since lost some of this ground. Reflecting the drop in oil prices, oil and gas shares have declined since late 1985 (although not to the extent that they fell in mid-1981) while stocks related to the non-energy side of the economy, such as the companies represented by the TSE Merchandising Index, have soared in value (Chart 10.6).

Chart 10.6

**Selected TSE Stock Market Indices
(Month-End Closing Quotation)**



Special Reports

These special reports were prepared by:

Cliff Halliwell, Chief, Household Sector,
Economic Analysis and Forecasting Division,
Fiscal Policy and Economic Analysis Branch,
Department of Finance.

11. Decennial Revisions to Statistics Canada's Canadian Income and Expenditure Accounts⁽¹⁾

Introduction

With the publication of the Canadian Income and Expenditure Accounts (CIEA) for the first quarter of 1986, Statistics Canada released a comprehensive set of revisions to the CIEA dating back to the beginning of 1961. This special report outlines the major changes which occurred with this revision and describes the impact of these changes on selected comprehensive measures of our economic performance.

Changes in this Set of Revisions

In this round of revisions the following changes were made:

(a) Rebasing of Deflators and Real Values to a 1981 Base

The price indexes (implicit deflators) were rebased to equal 100.0 in 1981 (the base was formerly 1971). As a result the current and real values for various components of the accounts are equal to each other in 1981. This regular decennial rebasing is done so that the estimates of changes in real activity levels better reflect recent relative prices.

(b) Change from a National to a Domestic Product Basis

Statistics Canada has changed the definitional/presentational basis of the CIEA. Formerly, the accounts were reported on a **national** product basis; that is, the growth in gross national product represented the growth in output produced by Canadians regardless of whether or not that production took place within the boundaries of Canada. Thus, investment income received by Canadians from abroad represents returns to Canadians from the production of goods and services abroad and, as such, is included in gross national product. On the other

hand, investment income paid to foreigners arising from income produced within the borders of Canada is excluded from gross national product.

The new accounts are reported on a **domestic** product basis. On this basis the level of output represents production within the borders of Canada regardless of to whom the income associated with that production accrues. Accordingly, Statistics Canada will be reporting the growth in real gross domestic product (GDP), not real gross national product (GNP), although nominal GNP will still be available in the published tables (and real GNP can be calculated).

The GDP concept can be thought of as more consistent with how we typically think of economic activity – as the output produced in Canada. Thus, it is more closely related to other key indicators of our economic health, such as job creation. In addition, this concept has a greater consistency with other published data (especially the monthly and provincial measures of GDP). Finally, it is also more consistent with international reporting standards, although the U.S. continues to use the national product basis.

Since Canada is a net debtor country whose investment income (interest and dividends) paid exceeds investment income received, the **level** of GDP is higher than GNP. Nevertheless, the annual growth rates of the two seldom differ by much although, on a quarter-to-quarter basis, there can be significant differences in the growth of GNP relative to GDP as a result of fluctuations in

(1) The purpose of this report is to provide a thumbnail sketch of the recent, major revisions to the Income and Expenditure Accounts. A more detailed description of the nature and extent of these revisions is available from Statistics Canada.

the pattern of foreign dividend and interest payments and receipts.

(c) Changes in Expenditure Classifications

Statistics Canada has changed the classification of some components of expenditures. The major changes relate to household and unincorporated business expenditures on home hardware materials and carpets. These were formerly classified as consumer expenditures or as current rent-related expenses of unincorporated businesses. They are now part of the “alterations and improvements” component of residential construction. This has the effect of raising the personal savings rate and substantially increasing the estimated level of residential construction expenditures.

(d) Improved Wage and Salary Estimates

Statistics Canada has improved its estimates of the wage and salary income of low income earners. These earners are not well captured in the available data and Statistics Canada has determined that they were formerly underestimated. Improvements in the estimates of the industrial distribution of wage and salary income have also been made. The impact has been to raise the estimate of the level of labour income by about 1.0% or \$1.9 billion in 1981.

(e) Improved Computer Purchase Prices

Statistics Canada has substantially changed its estimates of computer purchase prices. The former estimate did not adequately capture the quality improvements in computers in recent years and thus overstated greatly the real “price” increases for a given amount of computing power. The new estimates show large absolute price declines for computers and show that real investment expenditures on computers have increased much more than previously shown. This has the effect of greatly boosting real investment in machinery and equipment. However, it has a minimal effect on the level of real GDP since most computer purchases are imported and thus the higher real spending does not translate into higher **domestic** production.

(f) Greater Published Detail

Statistics Canada has added to the published detail available in the Quarterly Income and Expenditure Accounts, especially in the area of consumer expenditures.

Impact of the Changes

(a) Nominal GDP/GNP

The statistical revisions have not had a major impact on the level of nominal GNP. The changes increased its **level** by around 1.5 to 2.0 percentage points over **all** of the 1961 to 1985 period. Importantly, the changes have not altered the overall growth of nominal GNP since 1961 (Chart 11.1).

Since Canada is a net debtor country whose investment income payments to foreigners are greater than investment income received, nominal GNP (production within the borders of Canada) is estimated to be 3.2% higher in 1985 than nominal GNP (Canadian-owned production).

(b) Price Increases

The new revisions show that the average annual rate of overall inflation in Canada over the 1961-1985 period, as measured by the GDP deflator, has been 6.05% rather than 6.21%. This was all the result of a lower estimate of inflation since 1971 (Chart 11.2).

(c) Real GDP

The new accounts show higher **real GDP** growth than the previous estimates of real **GNP** growth. Over the 1961-1985 period, the new estimates show average real GDP growth of 4.5% versus 4.2% real GNP growth under the old estimates. Most of this extra growth stems from a lower estimate of inflation over the period and part from the shift to a GDP basis. Under the new accounts the implicit real GNP growth was 4.4% as a result of the lower price increases (Chart 11.3). (The real GNP data can be calculated from the Statistics Canada data.)

Chart 11.4 shows a comparison of the new estimates for both GNP and GDP real

growth rates since 1961. There is very little difference between the growth of these two measures, especially when periods longer than one year are considered.

Since 1971, stronger real growth than previously estimated is particularly evident for residential construction (Chart 11.5), investment in machinery and equipment (Chart 11.6) and imports (Chart 11.7). The first reflects the increased alterations and improvements component and the latter two are indicative of the lower deflator for computer purchases and imports.

The average growth of the overall machinery and equipment deflator from 1971 to 1985 has been revised down from 7.9% to 4.3% while the growth for real investment in machinery and equipment has been boosted up to 6.9% from 3.6%. However, this change has had a minimal effect on the level of real GDP since most computer purchases are imported and thus the higher real spending does not translate into higher domestic production.

(d) Components of Final Domestic Demand

The major change in the composition of nominal final domestic demand is the increased level of residential investment (up in nominal terms from \$19.3 billion to \$25.4 billion in 1985) as a result of higher estimates of alterations and repairs. Of particular note is the fact that residential construction expenditures are now almost as important a part of the economy as non-residential construction and, within residential construction, the "alterations and improvements" component is almost as important as the "new construction" component.

(e) Components of Income

There was not a substantial revision of the income distribution of GNP under the new accounts, although on balance the components' levels were revised upwards. For instance, the 1981 share of GNP represented by wages, salaries and supplementary labour income was revised down from 57.1% to 56.9% while the share of corporate profits

before taxes was unchanged at 9.6%. The major changes were to interest and miscellaneous investment income (up from 8.1% to 8.6%) and net non-farm unincorporated income including rent (up from 3.6 to 4.1%).

Although total wages, salaries and supplementary labour income was revised up only by 1.0% in 1981, the industrial distribution of wage and salary income was substantially revised with large increases in construction and trade and a decline in public administration and the primary industries.

(f) The Personal Savings Rate

The personal savings rate is significantly higher in the new accounts. Over the 1971-1985 period, the average personal savings rate was revised upwards from 10.9% to 12.4%. Much of the increase stems from the new treatment of alterations and improvements in residential construction. This boosted the personal savings rate both because consumer expenditures were revised down when these expenditures were reclassified and also because the current expenditures by owners of rental accommodation were reduced, thereby boosting net rental income and hence personal income.

(g) Business Cycles

These revisions to the CIEA, although boosting overall estimates of growth slightly, do not alter substantially the cycles in real activity observed in the past. The timing of the cycles remains more or less the same while the amplitude of the most recent cycles has been reduced. Focusing more specifically on the most recent cycle, the data show that the 1981-1982 recession was slightly less severe than previously thought but that the recovery follows closely the previously estimated pattern (Chart 11.8). The most substantial changes in the cycle were for business investment in both machinery and equipment and non-residential construction. In both cases, the extent of the fall during the recession was increased but the extent of the fall in the first year of recovery was considerably reduced (Charts 11.9 and 11.10).

Chart 11.1

Revisions to Nominal GNP

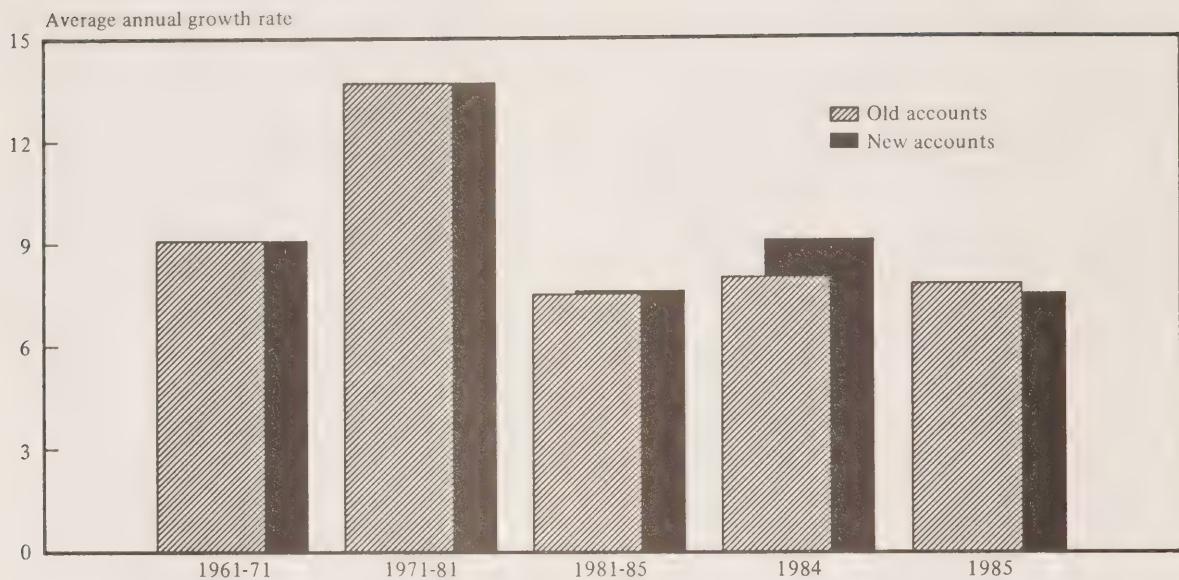


Chart 11.2

Revisions to the GDP Deflator

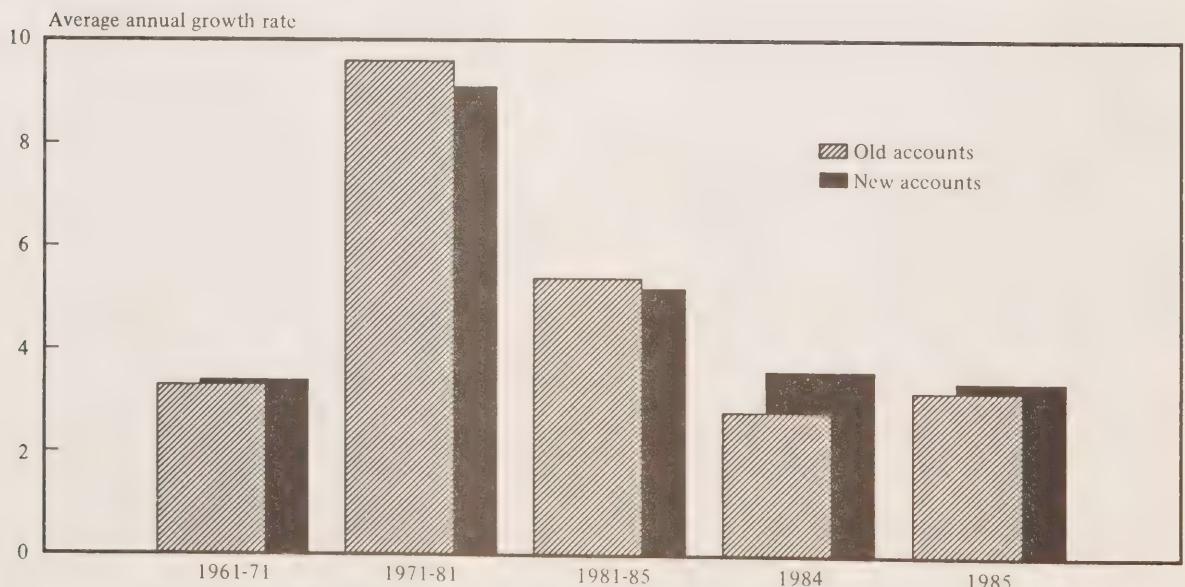


Chart 11.3

Revisions to Real GNP

Average annual growth rate

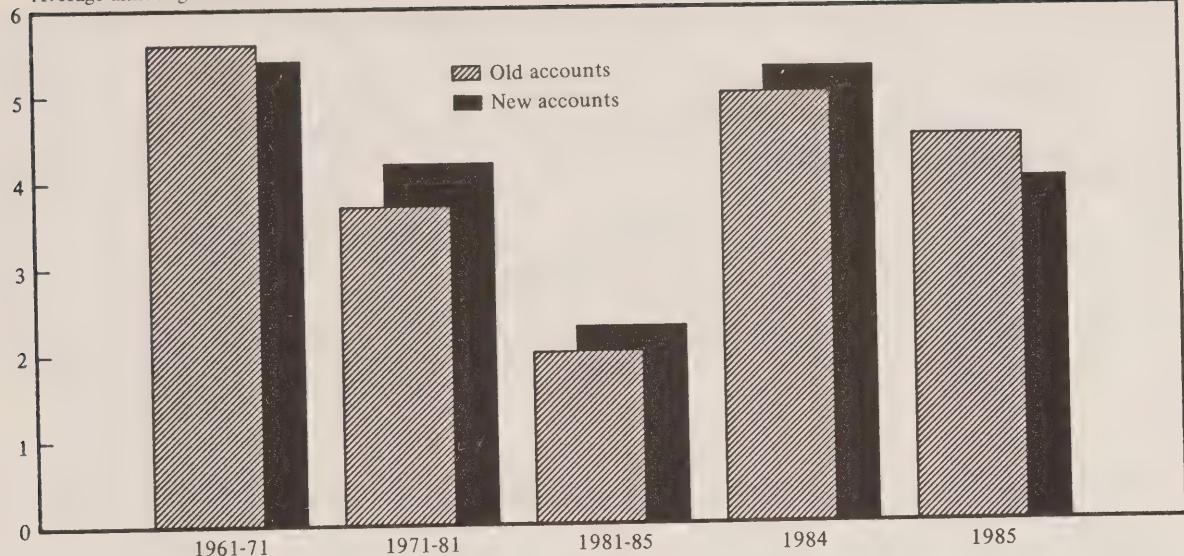


Chart 11.4

Comparison of GNP and GDP Real Growth Under the New Accounts

Average annual growth rate

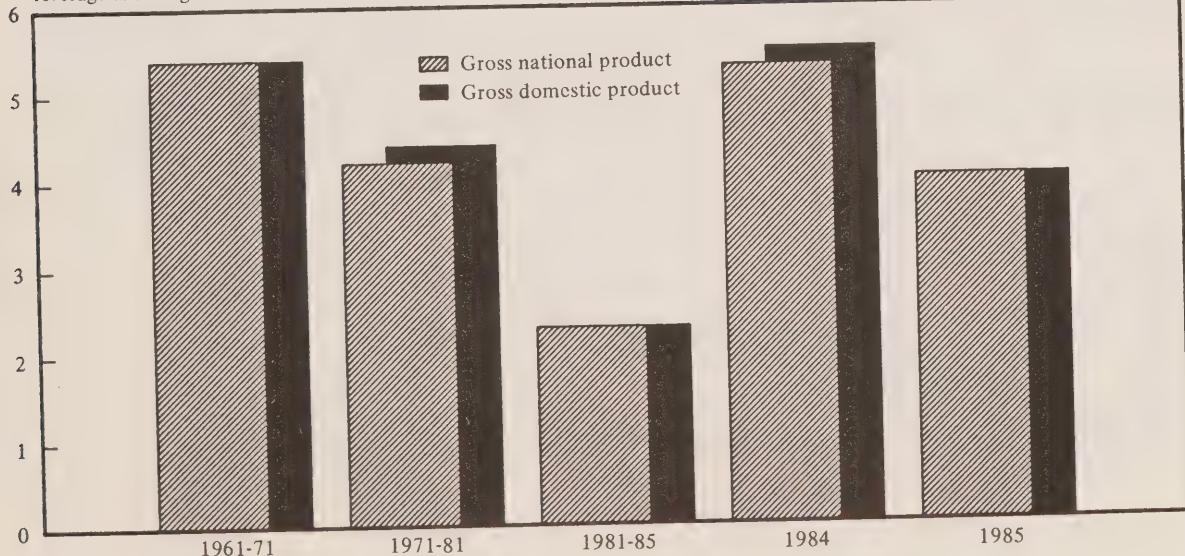


Chart 11.5

Real Investment in Residential Construction

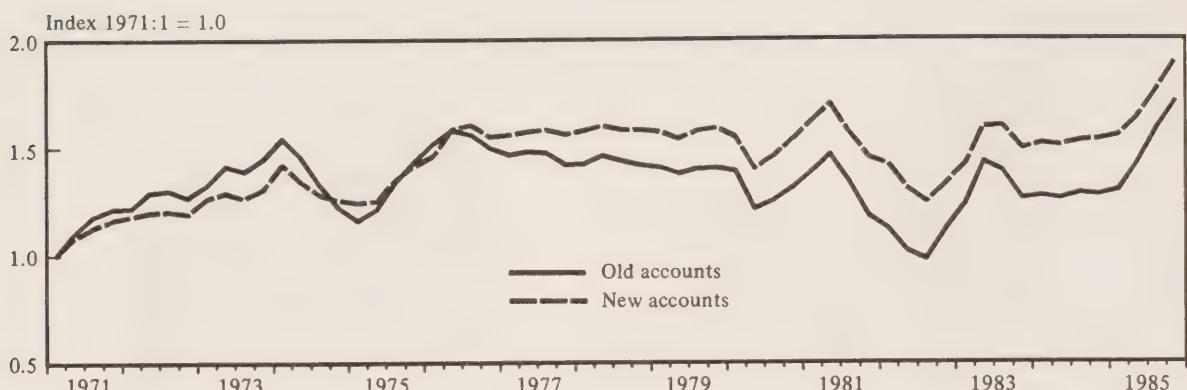


Chart 11.6

Real Business Investment in Machinery and Equipment

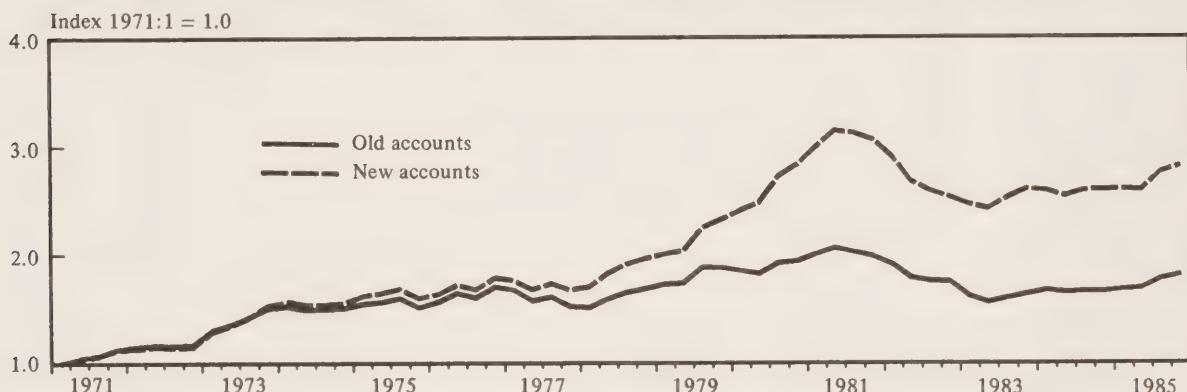


Chart 11.7

Real Imports of Goods and Services

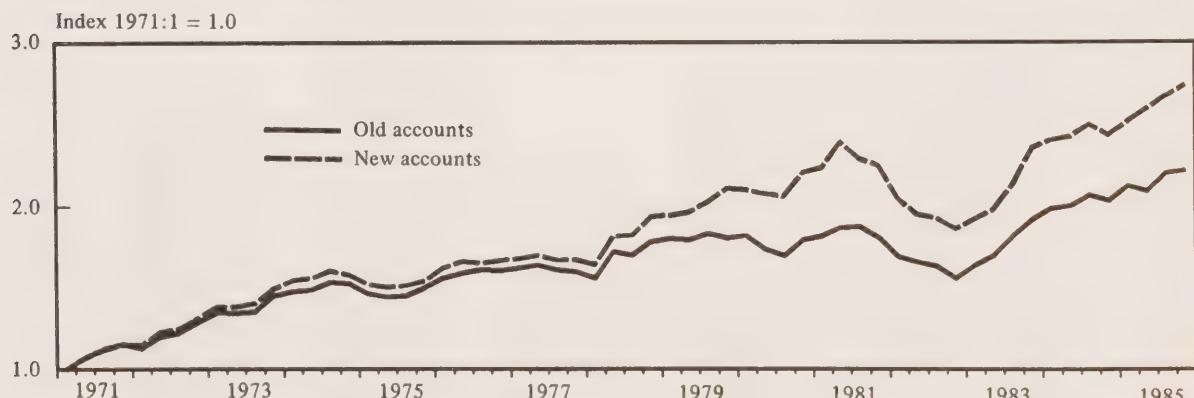


Chart 11.8

The Current Cycle in Real GNE/GDP

Index – 1982:4 Trough equals 100

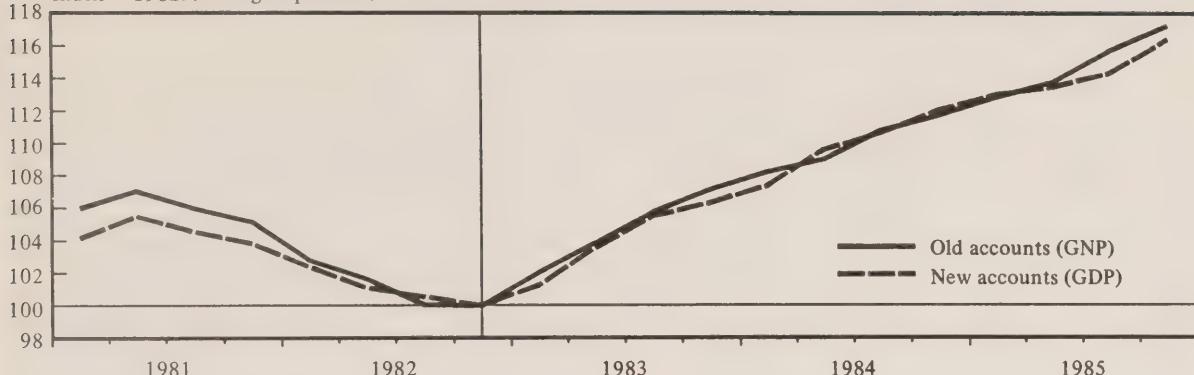


Chart 11.9

The Current Cycle in Real Business Investment in Non-Residential Construction

Index – 1982:4 Trough equals 100

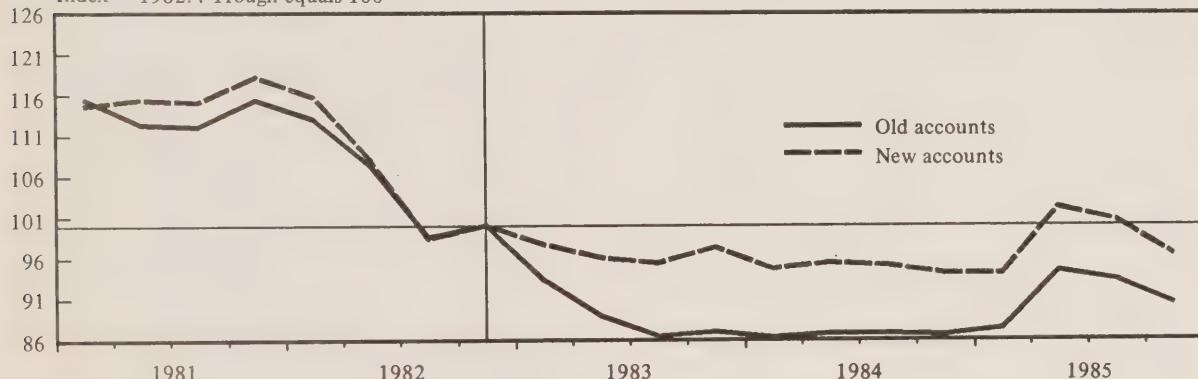
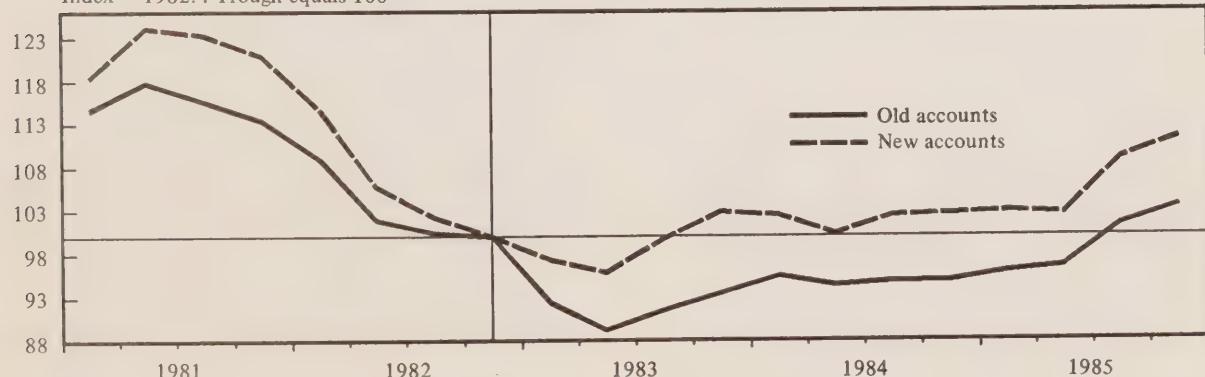


Chart 11.10

The Current Cycle in Real Business Investment in Machinery and Equipment

Index – 1982:4 Trough equals 100



12. An In-Depth Comparison of the Canadian and U.S. Recoveries, 1981-1986⁽¹⁾

Overview

For geographical and economic reasons, the performance of the Canadian economy is often compared to that of the United States. In fact, over the postwar period, the two economies have tended to move more or less in tandem. In terms of overall growth, as measured by GNP, the two economies have again shown similar developments during the current recovery. Indeed, over the 14-quarter period since the trough of the recession, the Canadian and U.S. economies have exhibited the fastest growth among the major industrial countries, with the Canadian economy somewhat outpacing that of the United States.

The performance of real GNP in both countries, while impressive, masks many features of the current recovery which differentiate the Canadian from the U.S. experience. During the first six quarters of the recovery (the first quarter of 1983 to the second quarter of 1984), the U.S. economy grew more strongly than the Canadian (by approximately 0.5% at annual rates) but, more importantly, growth in the U.S. was much more balanced with real final domestic demand roughly equal to real GNP growth (Charts 12.1 and 12.2). Canadian growth, on the other hand, was highly dependent on net exports and inventory accumulation, with real final domestic demand growth just under one-half of overall real GNP growth (Charts 12.1 and 12.2).

The latest eight quarters, however, tell a different story. U.S. growth over this period has decelerated sharply while growth in Canada, although lower than in the first six quarters, remained robust. More importantly, a growing trade deficit undermined the pattern of balanced growth earlier evident in the U.S. economy. The Canadian economy, on the other hand, experienced much more balanced growth than previously, with the growth in final domestic demand roughly equal to growth in real GNP.

This special report reviews the Canadian and U.S. recoveries since the beginning of 1983 and draws attention to the different phases in each. At the same time, a comparison is provided of the current recoveries in Canada and the United States relative to their pre-recession activity levels – a comparison which emphasizes the legacy of the much more severe recession that Canada experienced in 1981-82.

The First Six Quarters of Recovery

A fundamental characteristic of the first six quarters of the recovery was the much better balance in sources of demand growth in the U.S. than in Canada. In the U.S., real GNP and real final domestic demand (real GNP less trade and inventories) grew at almost identical rates, with all major sectors contributing to the recovery. In Canada, the first six quarters of the recovery were very unbalanced, with final domestic demand increasing roughly one-half as much as real GNP (4.5% versus 9.6%). (Charts 12.1 and 12.2)

- The relative strength in U.S. final domestic demand (9.7% versus 4.5% in Canada) was evident in all categories. The gap was smallest, but still favoured the U.S., for consumption (Chart 12.3), and was most evident for business fixed investment (Chart 12.4).
- In the case of business fixed investment, the U.S. experienced an investment boom during the first six quarters of the recovery period, while Canadian investment fell during this time. The Canadian weakness reflected the extent of the fall in capacity utilization (due to the more severe recession in Canada and the strength of capital stock growth in the immediate pre-recession period), and the

⁽¹⁾ This report uses real GNP in comparing the two countries. Although not published by Statistics Canada, Canadian real GNP is calculated by deflating nominal GNP, which is published, by the GDP deflator.

The Canadian and U.S. Economies in the Current Recovery

Chart 12.1

Canadian and U.S. Growth in Real GNP in the Current Recovery

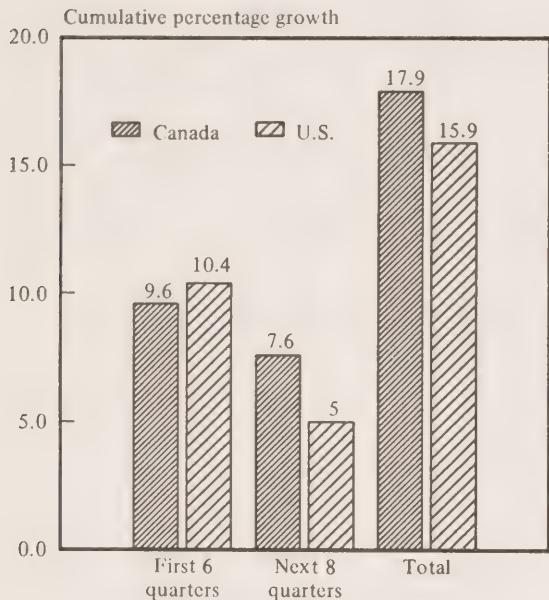


Chart 12.2

Canadian and U.S. Growth in Real Final Domestic Demand in the Current Recovery

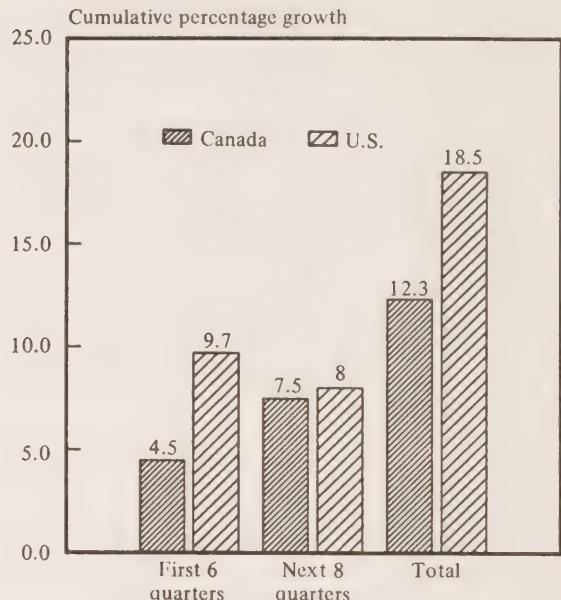


Chart 12.3

Canadian and U.S. Growth in Real Personal Consumption in the Current Recovery

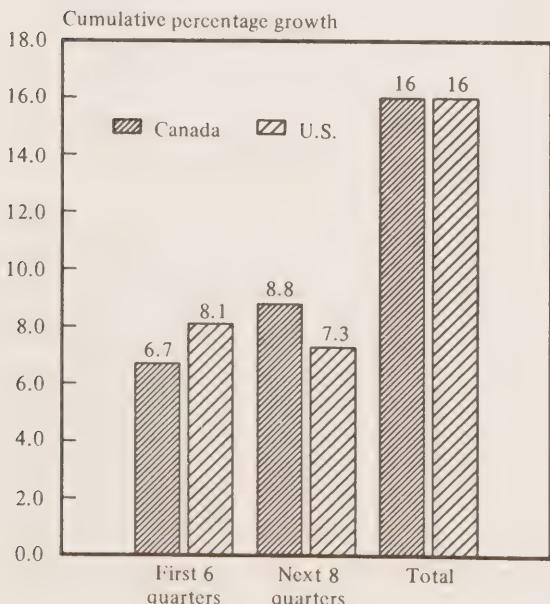
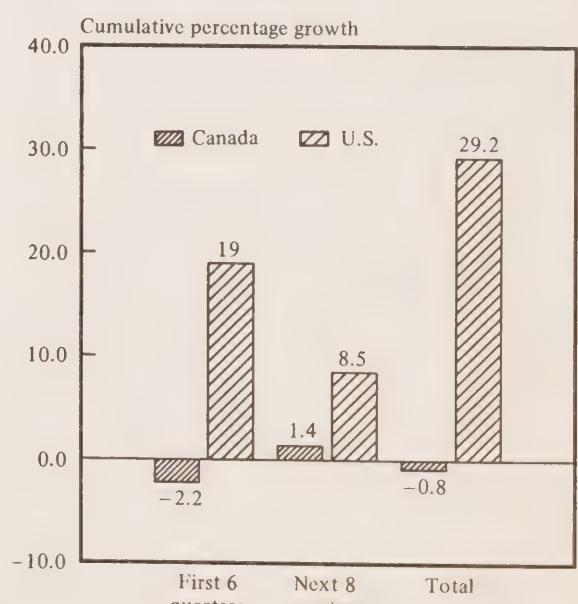


Chart 12.4

Canadian and U.S. Changes in Real Business Non-Residential Investment in the Current Recovery



severe deterioration in corporate financial positions (due to the previous rapid accumulation of debt, low capacity utilization, high interest rates and, for the primary sector, the fall in commodity prices).

- Thus, while final domestic demand fuelled the U.S. recovery, the Canadian recovery was led in the first year by inventory change (largely a cessation in the large inventory declines experienced in 1982) (Chart 12.6) and in the second year by net exports.
- While the second-year Canadian gain in net exports partly reflected the strength in the U.S., it also reflected conditions particular to the North American auto market – namely the shift of American preferences back towards large cars which tend to be produced in Canadian plants. As a result, net auto exports led our gains in net exports.
- Over all, real GNP growth in Canada in the first six quarters after the recession was slightly less than that in the U.S. (Chart 12.1).
- With stronger output and employment growth, the U.S. unemployment rate fell by 3.1 percentage points over this period while the Canadian rate fell by less than half that amount, 1.4 percentage points (Chart 12.9).

The Latest Eight Quarters of Recovery

Over the next eight quarters (third quarter of 1984 to the second quarter of 1986), the Canadian recovery broadened substantially as domestic demand components strengthened across the board. Canadian real GNP was now growing at a faster pace than that in the U.S. (Chart 12.1), and employment growth in Canada significantly surpassed that in the United States (Chart 12.8). A number of factors contributed to this strengthening of domestic demand:

- The corporate sector had substantially improved its balance sheet and capacity utilization rates were rising.
- The recession and early recovery period had created a substantial pent-up demand for housing and consumer durables.

- Consumer confidence rose in the face of strengthening employment growth, a declining unemployment rate and a sharp fall in the rate of inflation.
- The personal sector had substantially reduced its debt load.
- The decline in interest rates since mid-1984 spurred spending in interest-sensitive sectors and further enhanced consumer confidence.

The strength in the latest eight quarters of the Canadian recovery has been led by consumer expenditure on durables and housing (Charts 12.3 and 12.5). Business non-residential construction, after experiencing healthy growth up to the end of 1985, declined over the first half of 1986, mainly in response to dramatic drops in energy-related investment. With this generally better balance, final domestic demand growth and GNP growth in Canada moved more in line over this period (Charts 12.1 and 12.2).

The Labour Market in the Recovery

When looking at the impact of the economic recovery on labour markets, it becomes clear that Canada's greater growth over the full 3 1/2 years of recovery has not translated into the same reduction in the unemployment rate as occurred in the U.S.

- In Canada, employment growth over the 3 1/2 years of recovery has been higher than in the U.S. (Chart 12.8).
- However, the labour force in Canada has grown by 1.1 percentage points more than in the U.S. over the entire recovery period.
- As a result, the U.S. unemployment rate has fallen by 3.4 percentage points over the 3 1/2 years of recovery, while the Canadian rate has fallen by 3.2 percentage points (Chart 12.9).

Over the latest eight quarters (to 1986:Q2), however, Canadian employment growth has been substantially stronger than the U.S., and the decline in the unemployment rate has been larger (Charts 12.8 and 12.9).

The Canadian and U.S. Economies in the Current Recovery

Chart 12.5

Canadian and U.S. Growth in Real Residential Investment in the Current Recovery

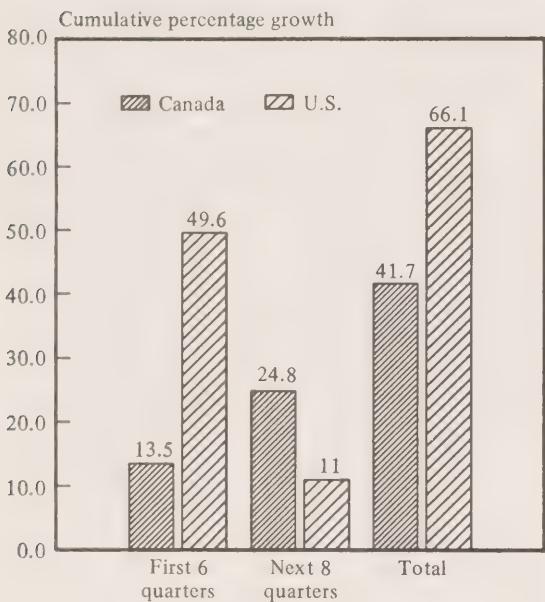


Chart 12.6

Canadian and U.S. Changes in Real Inventories (% of GNP) in the Current Recovery

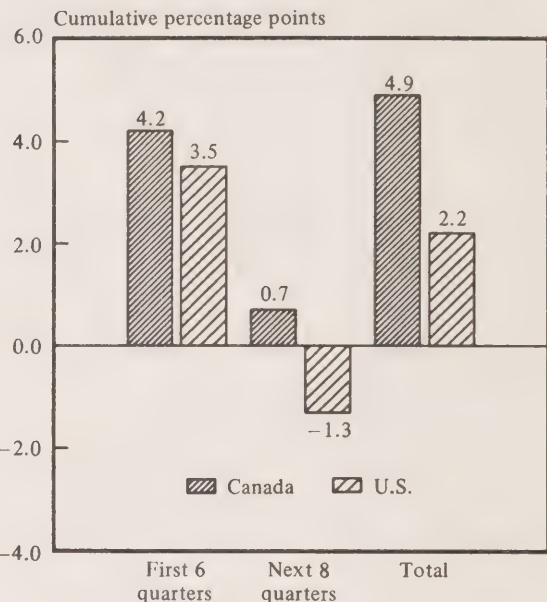


Chart 12.7

Canadian and U.S. Growth in Real Net Exports (% of GNP) in the Current Recovery

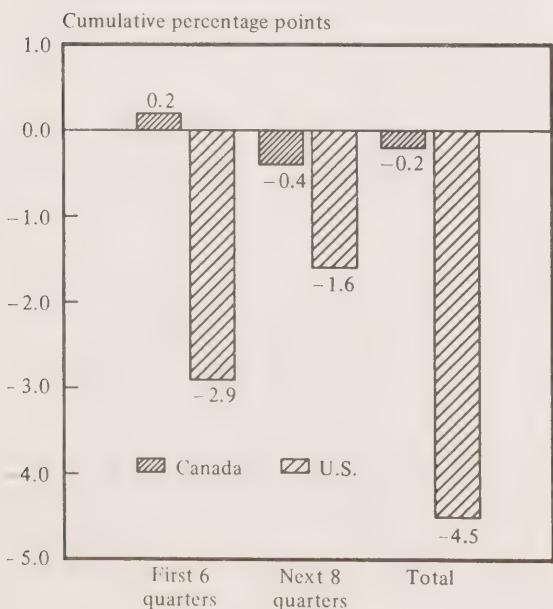
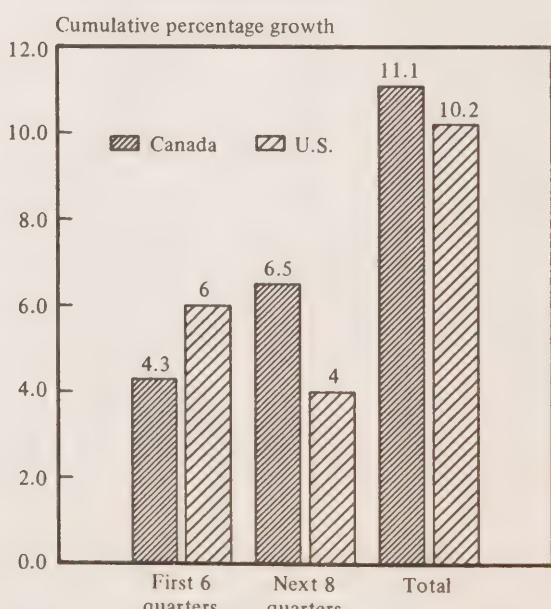


Chart 12.8

Canadian and U.S. Changes in Employment in the Current Recovery



Other Key Developments in the First 3 1/2 Years of the Recovery

Other noteworthy characteristics of the current recovery through to the second quarter of 1986 include:

- In Canada, the rate of inflation, as measured by the CPI, fell by a full 5.8 percentage points over the recovery period as opposed to the 2.8 percentage point decline in the U.S. (Chart 12.10).
- Productivity growth in Canada exceeded that in the U.S. over the full 3 1/2 years with each country experiencing its strongest gain over the first six quarters of the recovery.
- Over the recovery period, corporate profits rose 65.7% in Canada versus only 41.3% in the U.S. (Chart 12.11). In both countries, the increase occurred early in the recovery; profits in both countries have actually declined over the last eight quarters.
- The Canadian federal deficit (on an income and expenditure accounts basis) as a per cent of GNP has declined over the recovery by more than the U.S. deficit, with all of the decline coming in the last eight quarters. Over the last eight quarters, the U.S. federal deficit, as a per cent of GNP, has actually risen (Chart 12.12).
- Over the course of the recovery, the total government sector deficit (as a per cent of GNP) has declined in both countries. This decline was actually larger in Canada.
- Growth of real total government expenditure in the U.S. at 12.5% has been dramatically higher than in Canada (4.9%) over the recovery, with most of the difference emerging in the last eight quarters.

Canadian and U.S. Recoveries Compared with Pre-Recession Activity Levels

While the Canadian **recovery** has been somewhat stronger than the U.S. recovery, this must be

viewed in the context of the relatively more severe recession that Canada experienced in 1981-1982 (Chart 12.13). The legacy of the 1981-1982 recession is that, in spite of the robust growth in Canada during the recovery, the Canadian unemployment rate remains high relative to historical experience and the U.S. economy has grown slightly more than the Canadian economy relative to the pre-recession activity peaks in 1981 (Chart 12.13).

- Relative to pre-recession peaks, U.S. real GNP is up 12.2% versus 11.5% for Canada (Chart 12.13).
- A larger gap emerges when one looks at final domestic demand which has risen 19.3% in the U.S. – over twice the 7.3% increase in Canada (Chart 12.14). This is mainly due to the large difference in business non-residential investment, but also reflects the fact that U.S. final domestic demand did not fall over the course of the recession.
- Canadian employment growth relative to the pre-recession levels has been roughly one-third less than that in the U.S. – 5.6% versus 8.7%, reflecting the large decline in employment in Canada in the 1981-1982 recession.
- Canadian productivity growth has been substantially stronger than that in the U.S. (5.6% versus 3.2%) when measured over the 1981-1986 period.
- The U.S. unemployment rate by the second quarter of 1986 is 0.2 percentage points **lower** while the Canadian rate is 2.5 percentage points higher than pre-recession levels in spite of the larger decline in unemployment in Canada recently (Chart 12.16).
- Both countries have experienced a dramatic decline in the rate of inflation since the pre-recession peak (Chart 12.15).
- Corporate profits have performed better in Canada over the 1981-1986 period with a cumulative increase of 11.2% – as compared with an increase of 2.1% in the United States.

Note: In these comparisons the **actual** U.S. and Canadian peaks and troughs are used. The U.S. pre-recession peak was the third quarter of 1981 and the trough was the fourth quarter of 1982. In Canada, the pre-recession peak was the second quarter of 1981 and the trough the fourth quarter of 1982. Thus, the Canadian recession started one quarter earlier than the U.S. recession.

The Canadian and U.S. Economies in the Current Recovery

Chart 12.9

Canadian and U.S. Changes in the Unemployment Rate in the Current Recovery

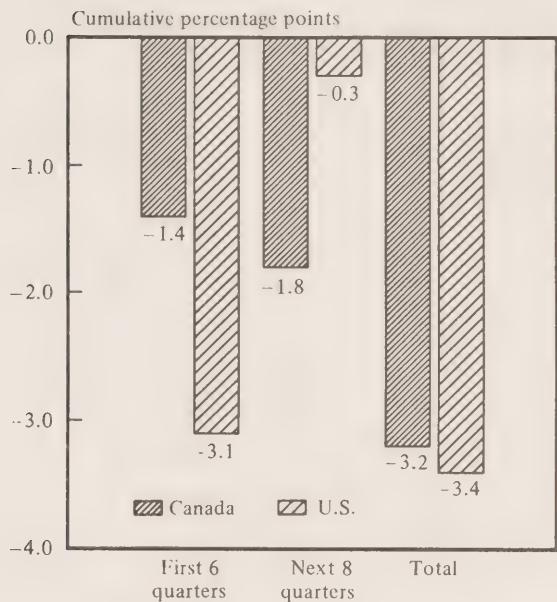


Chart 12.10

Canadian and U.S. Changes in the CPI Inflation Rate in the Current Recovery

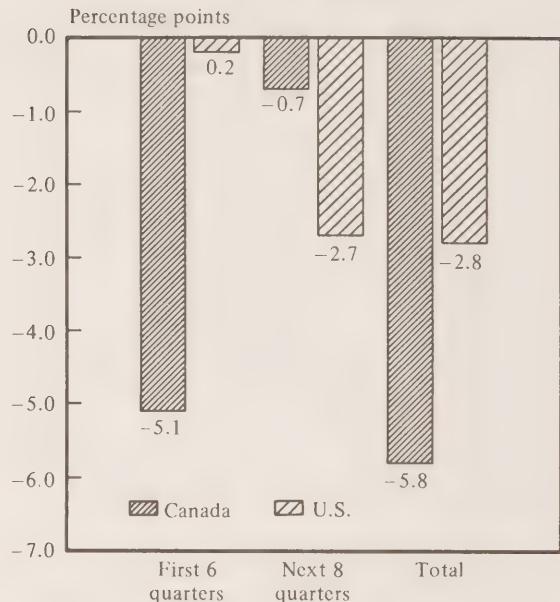


Chart 12.11

Canadian and U.S. Growth in Corporate Profits Before Taxes in the Current Recovery

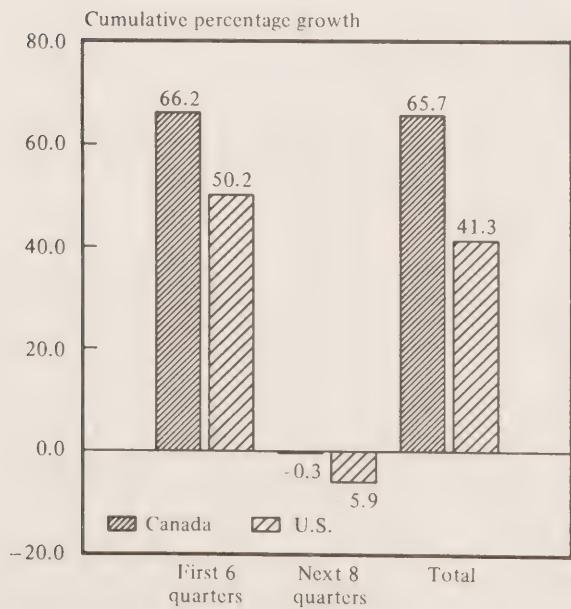
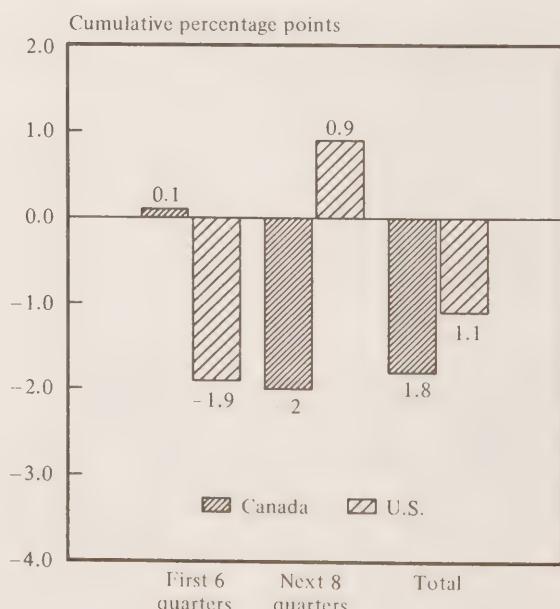


Chart 12.12

Canadian and U.S. Changes in Federal Deficit (% of GNP) in the Current Recovery



The Canadian and U.S. Economies Since the Pre-Recession Peaks

Chart 12.13

Canadian and U.S. Growth in Real GNP in the Recession and Recovery

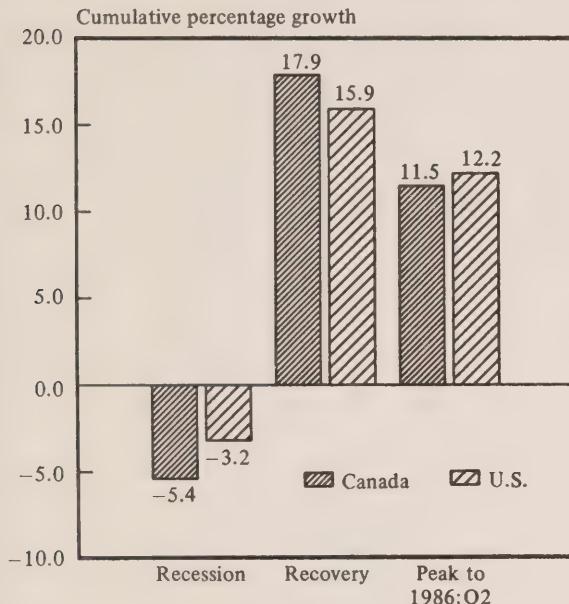


Chart 12.14

Canadian and U.S. Growth in Real Final Domestic Demand in the Recession and Recovery

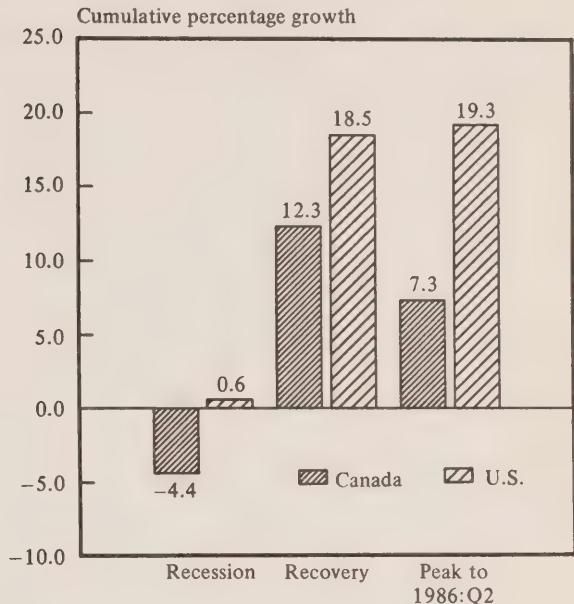


Chart 12.15

Canadian and U.S. Changes in the CPI Inflation Rate in the Recession and Recovery

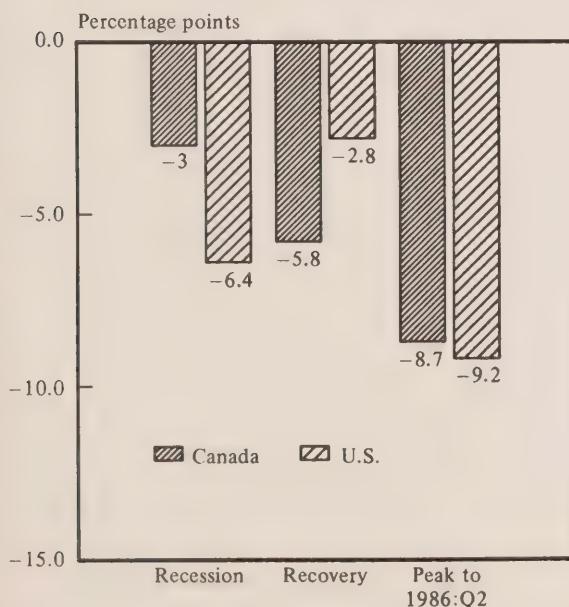
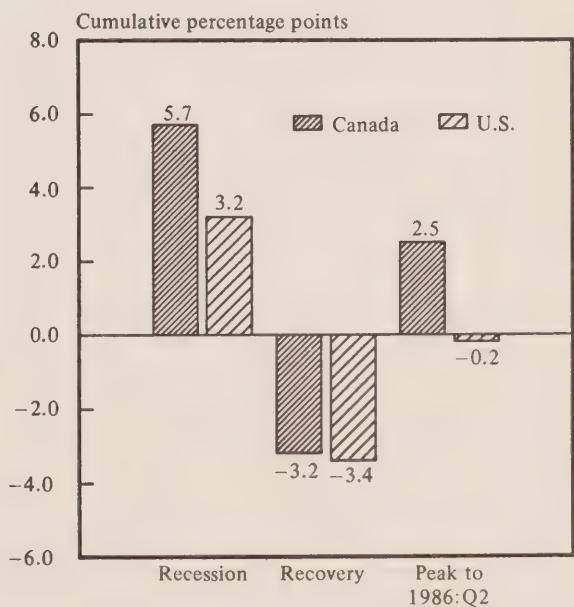


Chart 12.16

Canadian and U.S. Changes in the Unemployment Rate in the Recession and Recovery



A1
FN
E16

Document
Production

Quarterly Economic Review

December 1986



Canada

Quarterly Economic Review

December 1986



**Department of Finance
Canada**

**Ministère des Finances
Canada**

Table of Contents

1. The Economy in Brief	1
Economic growth slowed in the third quarter, but final domestic demand rebounded sharply fuelled by strong consumption and housing.	
2. Personal Sector	5
Lower interest rates and strong personal financial positions, coupled with incentives to buy, have encouraged consumers to reduce their savings rate.	
3. Housing Sector	9
Lower mortgage rates, improved affordability and strong pent-up demand spurred housing starts to an eight-year high.	
4. Business Non-Residential Investment	13
Signs that the sharp drop in energy investment is abating, high capacity utilization rates in several industries and rising profits strengthen the investment outlook.	
5. Inventories	17
Business inventory investment fell in the third quarter of 1986 while the inventory-to-sales ratio remained near its low average level of the last three years.	
6. Government Sector	19
Federal deficit (CIEA basis) averaged around \$23.5 billion in the first three quarters of the year.	
7. Foreign Trade and International Developments	21
The current account deficit remained substantial in the third quarter but the monthly trade balance showed considerable improvement over the quarter.	
8. The Labour Market	25
The unemployment rate stayed at 9.4% in November, its lowest level since March 1982.	
9. Price and Wage Sector	29
Price increases continued to be moderate while wage pressures remained subdued.	
10. Financial Sector	31
Interest rates in Canada have been stable at eight-year lows during the past six months, with the Canadian dollar trading in a narrow range around U.S. \$0.72.	
 Special Report:	
11. Measuring Canada's International Competitiveness	37
An examination of the competitiveness of Canada's manufacturing sector compared to that of other major industrialized countries.	

1. The Economy in Brief

Highlights of Developments in the Third Quarter

- Economic growth (GDP) slowed to 1.2% in the third quarter due to a deterioration in the merchandise trade balance and a decline in real inventory investment, but final domestic demand rebounded sharply after contributing little to growth in the first half of the year.
- After two quarters of declines, consumption of durables increased strongly, reflecting in large part a significant strengthening of automobile sales.
- Residential building activity was particularly strong with housing starts reaching their highest quarterly level in eight years.
- Despite the weakness in output growth in the third quarter, Canada's economy has grown faster than those of its major trading partners over the first three quarters of the year compared to the same period in 1985.

Summary

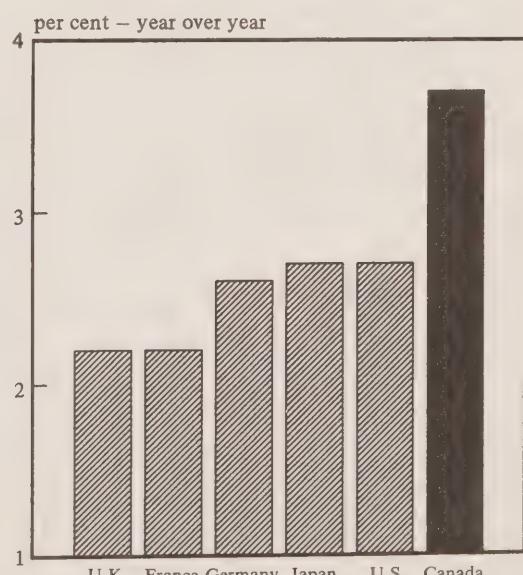
Growth in real gross domestic product (GDP), the broadest measure of economic activity, was 1.2% at an annual rate in the third quarter of 1986. This represented a slowing from the 2.8% pace of growth in the first half of this year, with the main sources of weakness being a deterioration in the merchandise trade balance and a decline in real inventory investment.

A key development in the third quarter was the rebound in final domestic demand after two quarters of weakness. Consumer expenditures on durable goods, especially on autos, rebounded while investment in new housing reached levels which had not been seen since the mid-1970s. Consumers continued to feel sufficiently confident in their economic prospects to finance part of their spending through lower savings.

Part of the consumer spending on autos in the third quarter was in response to incentives to buy and, to some extent, probably represented some bringing forward of future spending plans. However, consumer spending on all major categories was strong in the third quarter. The relatively low levels of interest rates, stable inflation, and the generally healthy financial position of households have created a climate of optimism conducive to reductions in the personal savings rate.

Chart 1.1

Growth in Major OECD Countries,
First Three Quarters of 1986



Note: Third quarter data for France are an estimate.

Chart 1.2

Real GDP/Final Domestic Demand

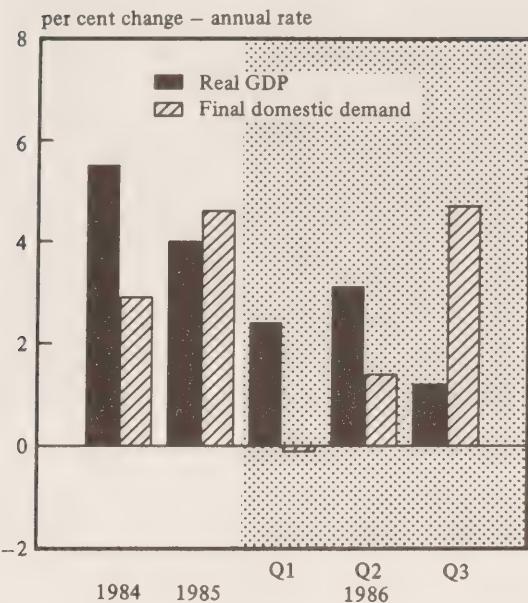
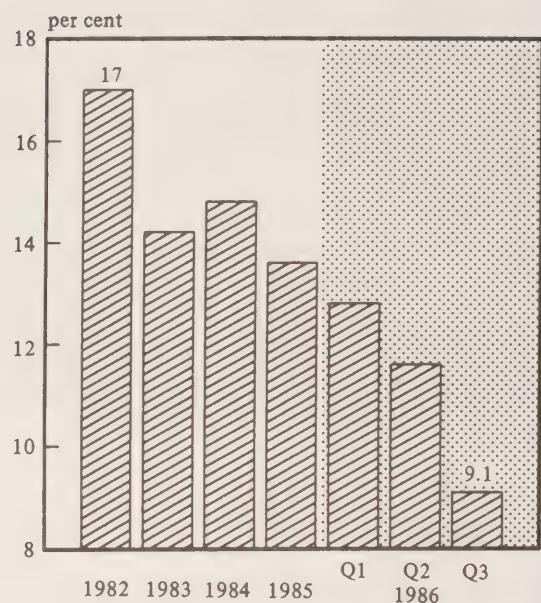


Chart 1.3

Personal Savings Rate



Main Economic Indicators

	1984	1985	1985		1986		
			Q3	Q4	Q1	Q2	Q3
Real output and demand (1981 dollars)							
GDP	(%,a.r.)	5.5	4.0	3.1	7.3	2.4	3.1
Final domestic demand	(%,a.r.)	2.9	4.6	7.5	5.3	-0.1	1.4
Consumption	(%,a.r.)	3.6	5.0	7.4	4.5	0.9	4.8
Business capital formation	(%,a.r.)	0.4	6.6	17.1	7.6	-1.3	-6.9
Residential construction	(%,a.r.)	-0.2	12.6	35.5	34.5	-10.8	11.3
Non-residential construction	(%,a.r.)	-1.8	3.7	-6.2	-15.5	6.2	-31.3
Machinery and equipment	(%,a.r.)	3.1	4.5	27.2	8.9	1.6	1.7
Inventory investment	(\$b,a.r.)	2.4	2.4	3.9	1.3	6.8	7.0
Trade balance	(\$b,a.r.)	18.9	18.0	13.5	17.4	14.8	16.2
Costs and prices							
GDP price inflation	(%,Y/Y)	3.6	3.4	4.1	3.9	3.3	2.5
Consumer price index	(%,Y/Y)	4.4	4.0	4.0	4.2	4.2	3.9
CPI - energy	(%,Y/Y)	5.5	5.6	4.7	5.3	2.4	-8.2
Excluding food and energy	(%,Y/Y)	3.8	4.0	4.2	4.4	4.7	5.4
Change in unit labour costs	(%,Y/Y)	1.9	3.1	3.7	2.7	2.8	2.1
Labour market							
Unemployment rate	(%)	11.3	10.5	10.3	10.2	9.7	9.6
Change in employment	(%)	2.5	2.8	0.4	1.1	1.5	0.2
Financial developments							
Exchange rate (closing)	(U.S. funds)	.7566	.7152	.7277	.7152	.7164	.7234
Prime interest rate	(%)	12.06	10.58	10.33	10.00	12.00	10.58
1-year mortgage rate	(%)	12.00	10.31	10.00	9.83	11.17	9.92

Price inflation in the Canadian economy has averaged just over 4% so far in 1986, but has risen in recent months due mainly to increases in the prices for food and shelter.

Business investment in machinery and equipment is rising, and a number of industries are operating at high capacity utilization rates. The financial position of industrial corporations, particularly in the non-resource sector, is generally healthy. Growing capacity pressures and relatively low financing costs should contribute to a favourable environment for investment prospects.

Growth in the OECD area so far this year has been less robust than expected, with several major industrialized countries experiencing weak growth. The main reason relates to the uncertainties generated by the drop in world oil prices and the adjustment in exchange rates. Despite the adverse effects of declines in energy and wheat prices, the Canadian economy grew faster than its major trading partners over the first three quarters of the year (Chart 1.1).

Final Domestic Demand Rebounds Sharply

After contributing very little to growth in the first half of the year, final domestic demand rose at an annual rate of 4.7% in the third quarter, more than offsetting the decline in inventory investment and the drop in net exports (Chart 1.2). Consumer expenditure led the increase with spending on durable goods rebounding after two quarters of decline. Demand for cars was especially strong, in part as a result of aggressive manufacturers' and dealers' sales promotions. Residential investment was also a major contributor to final domestic demand growth in the third quarter with housing starts reaching 219,000 units. Related to this strong demand for housing, sales of household durable goods increased strongly.

The Savings Rate Continues to Fall

The stronger growth in consumer expenditure in the third quarter resulted in a sharp drop in the personal savings rate from 11.6% in the second quarter to 9.1%, its lowest level since 1974 (Chart 1.3). Despite a fall in personal disposable

income owing to slower growth of personal income and increases in taxes, consumers felt confident enough to reduce their rate of personal savings to finance big-ticket purchases.

Housing Starts Reach Eight-Year High

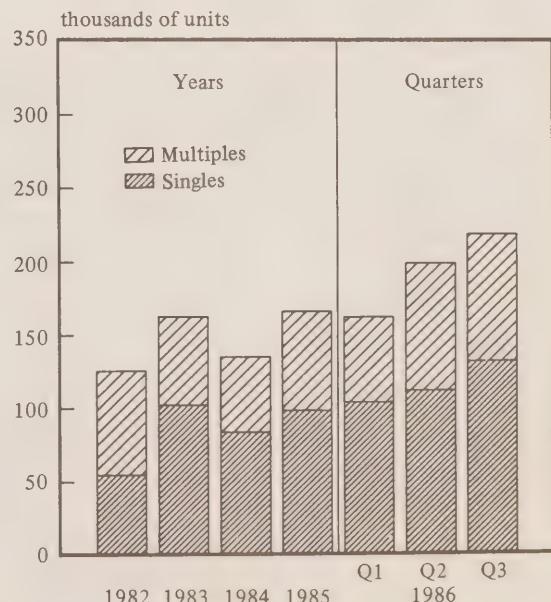
Housing starts averaged 219,000 units (annual rate) in the third quarter, the highest quarterly level in eight years. With mortgage interest rates at eight-year lows, starts of single units rose particularly strongly (Chart 1.4).

CPI Inflation 4.2% in the Quarter

In the first 10 months of the year, there have been large declines in energy prices but, at the same time, rising prices of certain foods and new houses and increases in indirect taxes have put upward pressure on the CPI inflation rate. In the third quarter, the CPI inflation rate has averaged about 4.2% and most of the increase in the CPI has been due to large increases in the food and shelter components of the index. The GDP deflator, the broadest price measure of Canadian output, rose on a year-over-year basis by 2.5% in the third quarter, the result of weaker export prices and continued moderate unit labour cost increases during the year.

Chart 1.4

Total Housing Starts in Canada



Financial Market Conditions Are Stable

Both short- and long-term Canadian interest rates have remained relatively stable over the past six months. During the third quarter, Canadian short-term interest rates fell marginally, narrowing somewhat the uncovered short-term interest rate differential between Canada and the U.S. rates. The differential averaged 230 basis points in early December, significantly below its 1986 high recorded in February, and the Canadian dollar continues to trade in a narrow range around U.S. \$0.72.

High Inventory Investment Influenced by Special Factors

Inventory investment was at its highest level in eight years in the first two quarters of 1986, and well above 1985 levels. In the third quarter, inventory investment decreased by just over \$2 billion. Grain and gold inventory accumulation has been responsible for most of the increase in inventory investment this year. This reflects a bumper grain crop in conjunction with an over-supply on international markets, and large net imports of gold. The inventory-to-sales ratio is only slightly above its average over the past three years.

Current Account Deficit Remains Large

The current account deficit widened slightly to \$8.8 billion in the third quarter from \$7.9 billion in the second quarter but continues to show an improvement from its revised record first quarter level of \$10.9 billion. Sharp declines in export prices of crude petroleum, wheat and natural gas, slower growth in demand from Canada's major trading partners and strong Canadian demand for imports explain the deterioration of the current account balance in 1986. The monthly merchandise trade pattern has been quite pronounced. While the nominal merchandise trade surplus declined to \$7.7 billion in the third quarter (Chart 1.5), the trade balance has registered a substantial turnaround since July. The merchandise trade balance improved from a deficit of \$0.3 billion

in that month (the first since 1976) to surpluses of \$16 billion and \$10 billion in September and October respectively.

Output Performance of Goods-Producing Sector Dominated by Energy

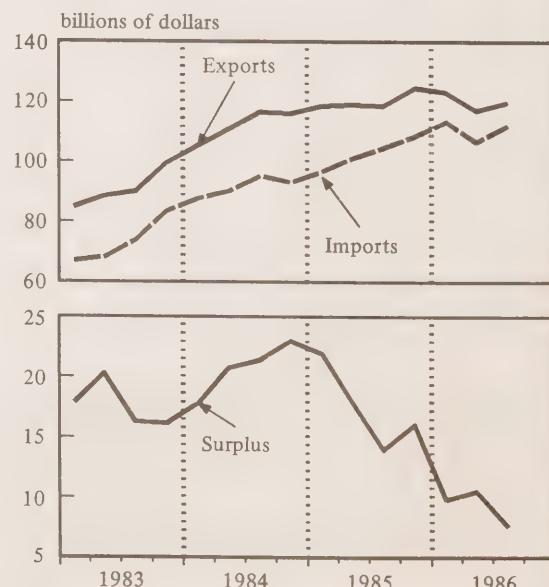
Output in the service sector has grown strongly in 1986 whereas goods sector output declined in the second and third quarters, largely due to declines in energy-related output. Excluding energy-related industries, goods sector output has been largely unchanged over the first three quarters of the year while service output, accounting for about 60% of GDP, is up 5.3%.

Unemployment Rate Remains at Lowest Level Since March 1982

Despite considerable fluctuations in employment and labour force growth during the year, movements in the unemployment rate have been subdued. The unemployment rate declined from 10.0% in December 1985 to 9.4% in October and November of this year.

Chart 1.5

Merchandise Trade of Canada



2. Personal Sector

Chart 2.1

Change in Real Consumer Expenditure and Real Personal Disposable Income

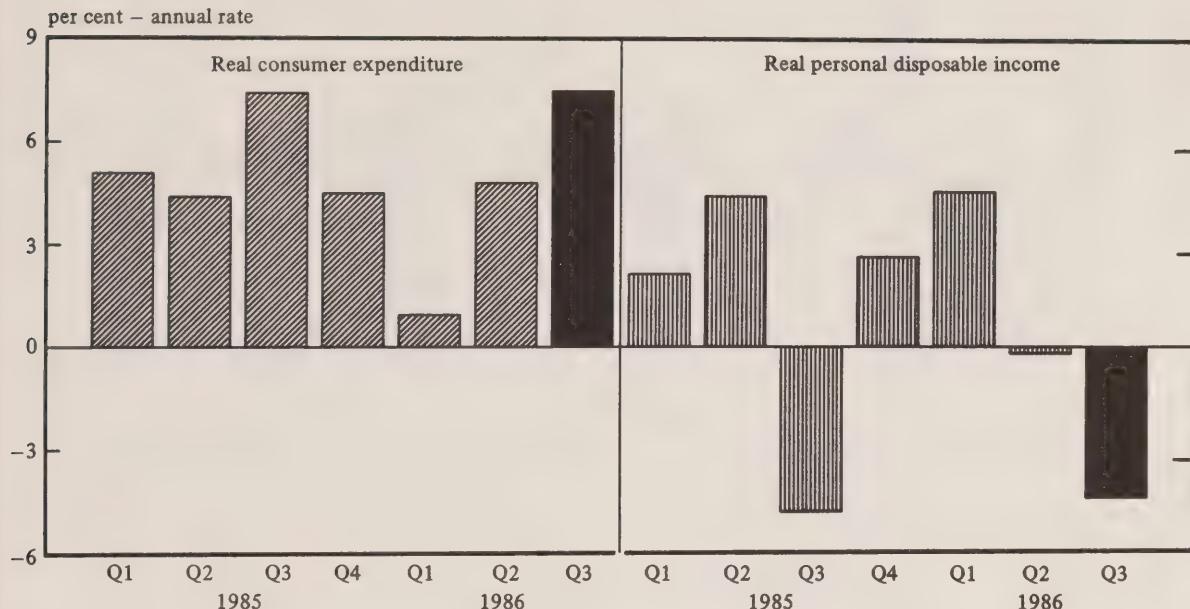
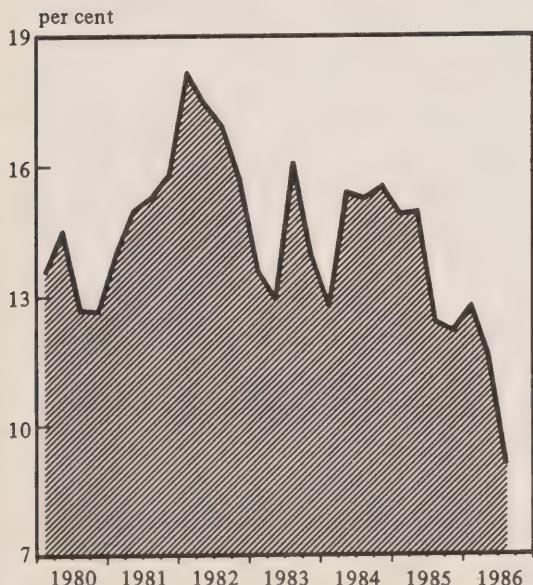


Chart 2.2

The Personal Savings Rate

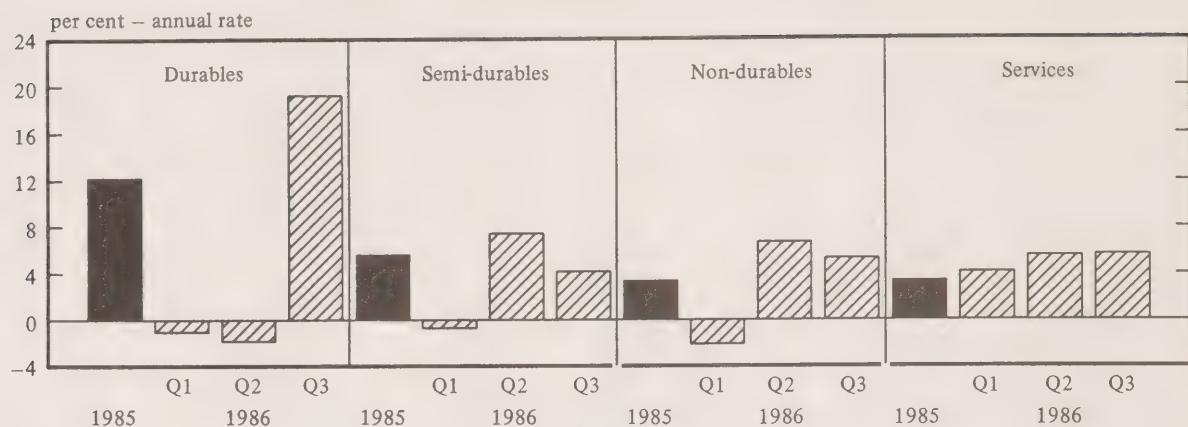


Real consumer expenditure rose at an annual rate of 7.5% in the third quarter, its strongest one-quarter growth rate in six years (Chart 2.1). Consumer spending accounted for over 90% of the growth in final domestic demand in the quarter.

With a decline in real personal disposable income in the third quarter, consumers showed a willingness to finance further spending through a reduction in savings (Chart 2.2). The large 2.5 percentage point decline in the personal savings rate in the third quarter brought it to 9.1%, its lowest level since the second quarter of 1974.

Chart 2.3

Change in Real Consumer Spending by Category



All four major components of consumer spending increased in the third quarter, with spending on durables rebounding very strongly following two quarters of decline (Chart 2.3). Growth of spending on both semi-durables and non-durables slowed from their strong second quarter pace. Growth of services expenditure continued to be relatively stable.

Growth in spending on durables was led by auto and auto-related expenditure which increased sharply in the third quarter following two consecutive quarterly decreases (Chart 2.4). Unit new car sales were higher by 35.4% at an annual rate, in part the result of discount financing rates and sales promotions by manufacturers and dealers to clear out inventories of 1986 models. Mirroring the strength in the housing market, spending on furniture and household appliances advanced strongly in the third quarter.

Chart 2.4

Change in Real Durables Spending by Category

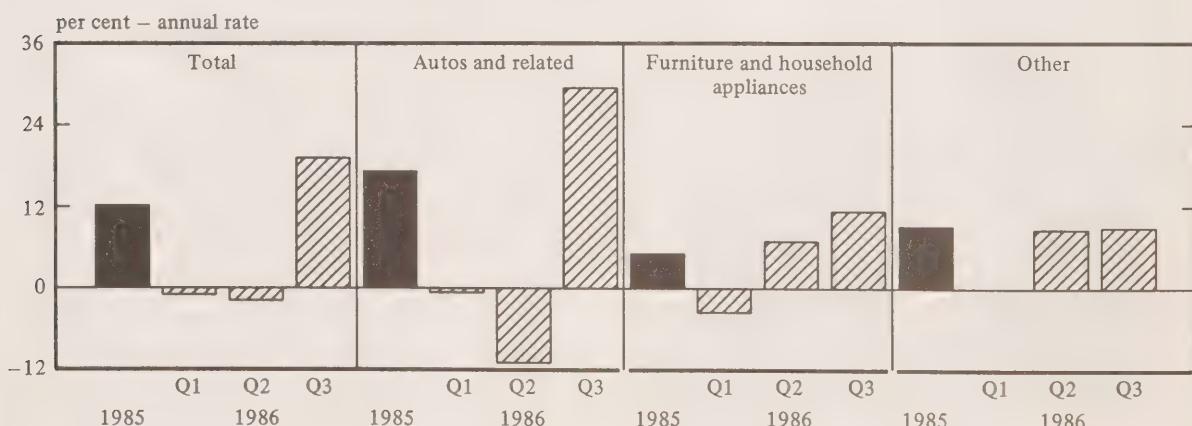


Chart 2.5

Change in Nominal Personal Income by Category

per cent – annual rate

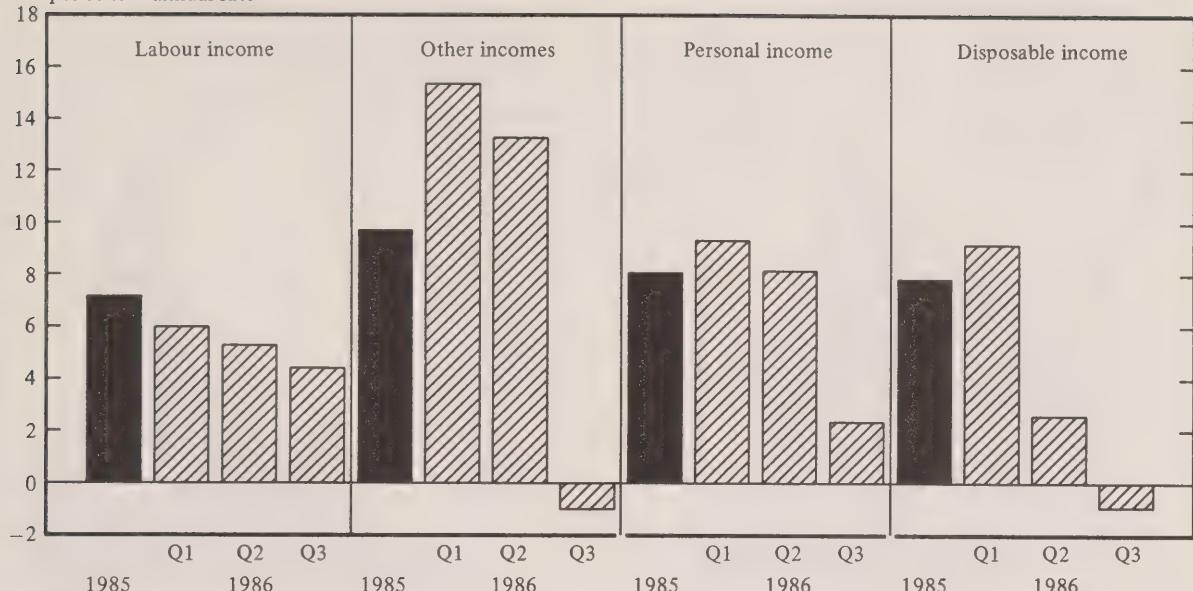
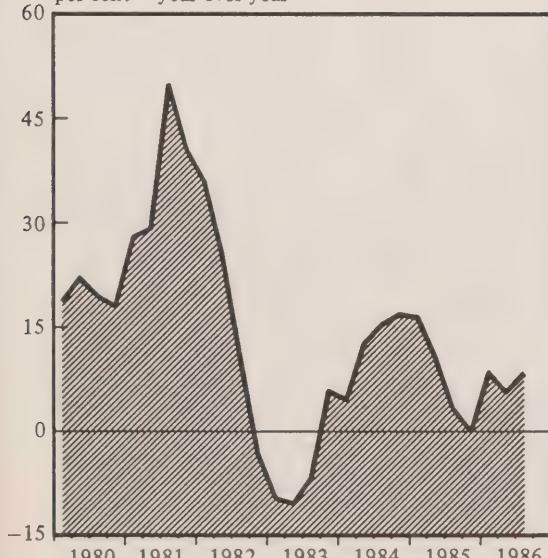


Chart 2.6

Change in Personal Investment Income

per cent – year over year



The pace of growth of personal income slowed considerably in the third quarter (Chart 2.5). Labour income growth eased as the level of employment decreased slightly. Non-labour income declined, with increases in government transfers, investment and unincorporated business incomes being more than offset by a sharp drop in net farm income. These developments, plus increased direct taxes, resulted in a decline in nominal disposable income.

In the third quarter, personal investment income rose, as a sharp increase in dividends more than offset declining interest income. Lower interest rates and the declines in the personal savings rate have slowed the growth in investment income (Chart 2.6) compared to the early 1980s.

Chart 2.7

**Ratio of
Consumer Credit Outstanding
to Personal Disposable Income**

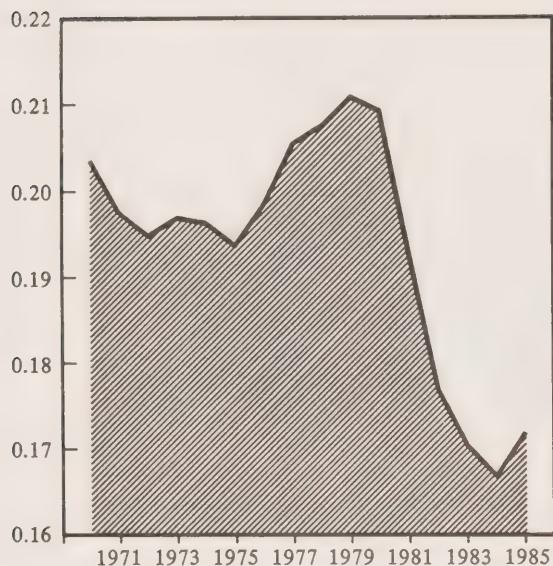


Chart 2.8

**Credit Interest Payments
as a Share of
Personal Disposable Income**

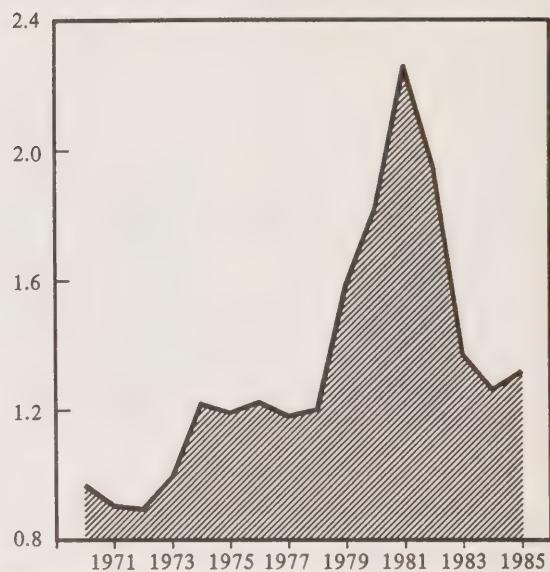
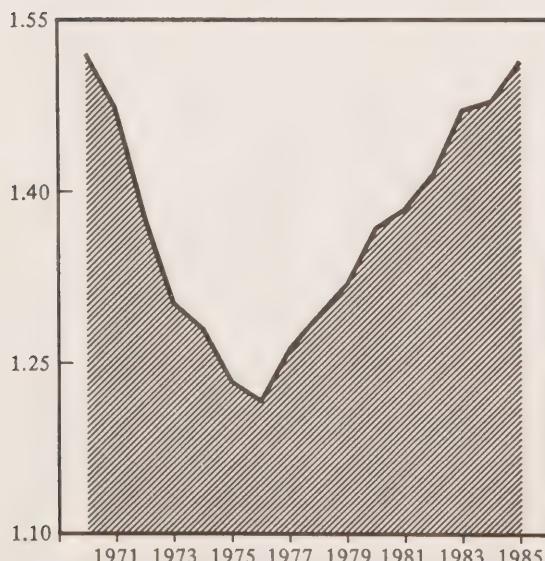


Chart 2.9

**Ratio of
Personal Net Financial Wealth
to Personal Disposable Income**



High rates of personal savings over the last five years, together with rising equity markets and declining interest rates, have left the Canadian personal sector in a relatively favourable financial position. Indicators of this are the relatively low ratio of consumer credit outstanding to personal disposable income (Chart 2.7), a ratio of credit interest payments to disposable income that is well below the previous peak level of 1981 (Chart 2.8), and a rising ratio of net personal financial wealth to personal disposable income (Chart 2.9).

3. Housing Sector

Chart 3.1

Change in Real Residential Investment

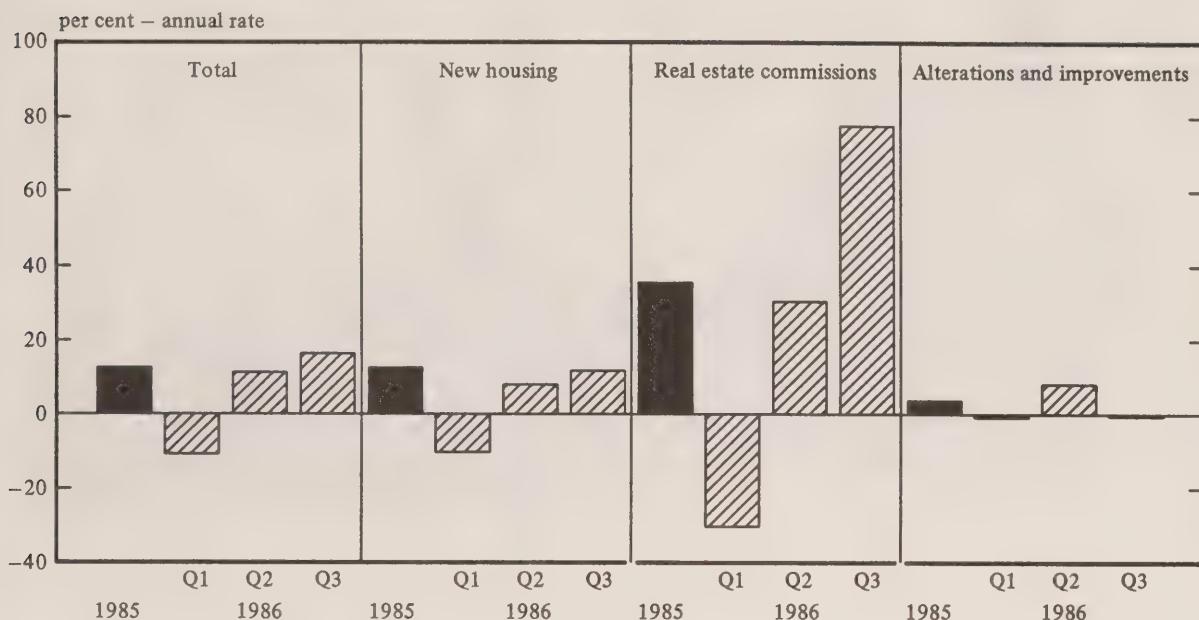
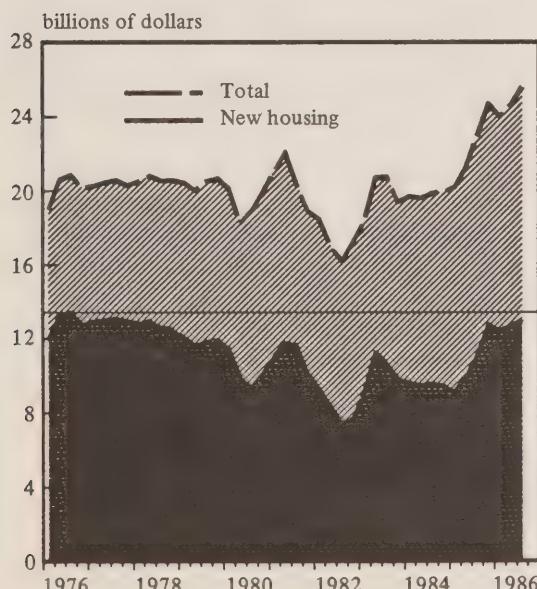


Chart 3.2

Real Residential Investment



Residential investment in real terms was also a major source of strength in the third quarter. Real estate commissions and new-house investment were areas of particular strength (Chart 3.1).

Total residential investment in real terms reached an all-time high in the third quarter (Chart 3.2). New-house investment reached levels close to the record high values of the mid-1970s.

Chart 3.3

Mortgage Rates

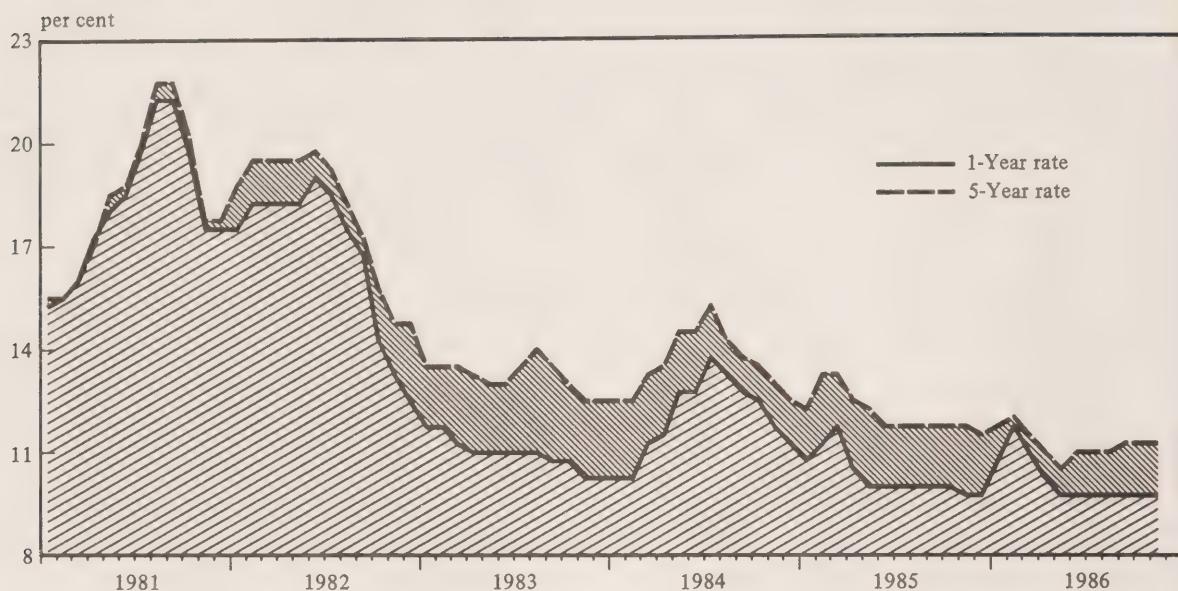
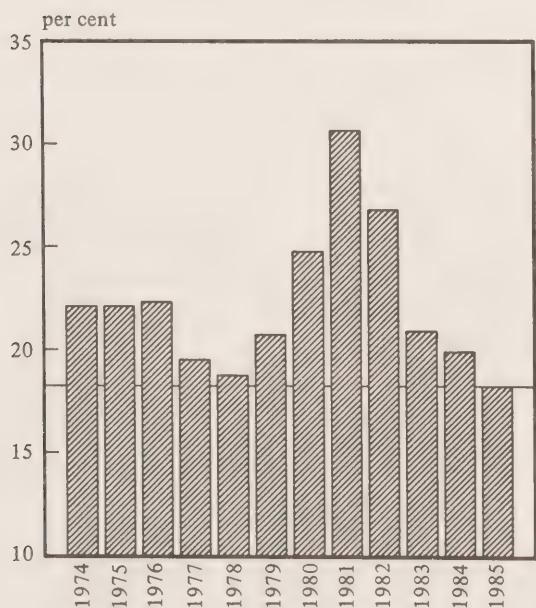


Chart 3.4

Mortgage Payments on a Newly Purchased Home as a Share of Household Disposable Income*



Residential investment was encouraged by mortgage interest rates which were at eight-year lows (Chart 3.3). In September, the five-year mortgage rate was 11.25%, dramatically lower than peak levels of 21.75% reached during the 1981-1982 period and 4 percentage points lower than the recent highs reached in mid-1984.

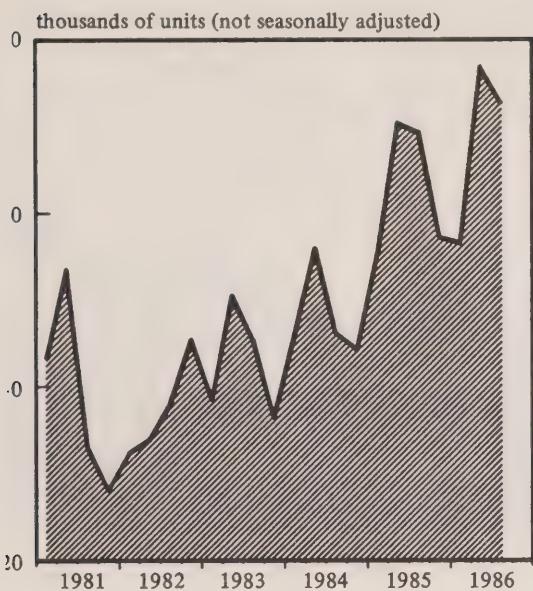
In 1985, lower mortgage rates and higher incomes reduced mortgage payments on a newly purchased home relative to disposable income per household to its lowest level in over 10 years, despite appreciable house price increases (Chart 3.4). This improvement in the affordability of homeownership spurred the demand for houses this year.

*Using MLS house price data and Statistics Canada data on personal disposable income and occupied housing units.

Only annual data are available.

Chart 3.5

**Multiple Listings Service (MLS)
Sales of Residential Units**



Reinforcing improved affordability was a strong pent-up demand for housing, resulting from a period of at least six years during which starts were below estimates of household formation based on demographic information. As a result, the market for existing homes has been very active (Chart 3.5).

With strong demand and a limited availability of vacant single units, house prices have risen substantially over the last year (Chart 3.6). In the third quarter of 1986, the average MLS price of a residential unit in Canada was over \$96,000, up 13.9% from 1985 year-end levels.

Chart 3.6

**Multiple Listings Service (MLS)
Average House Price**

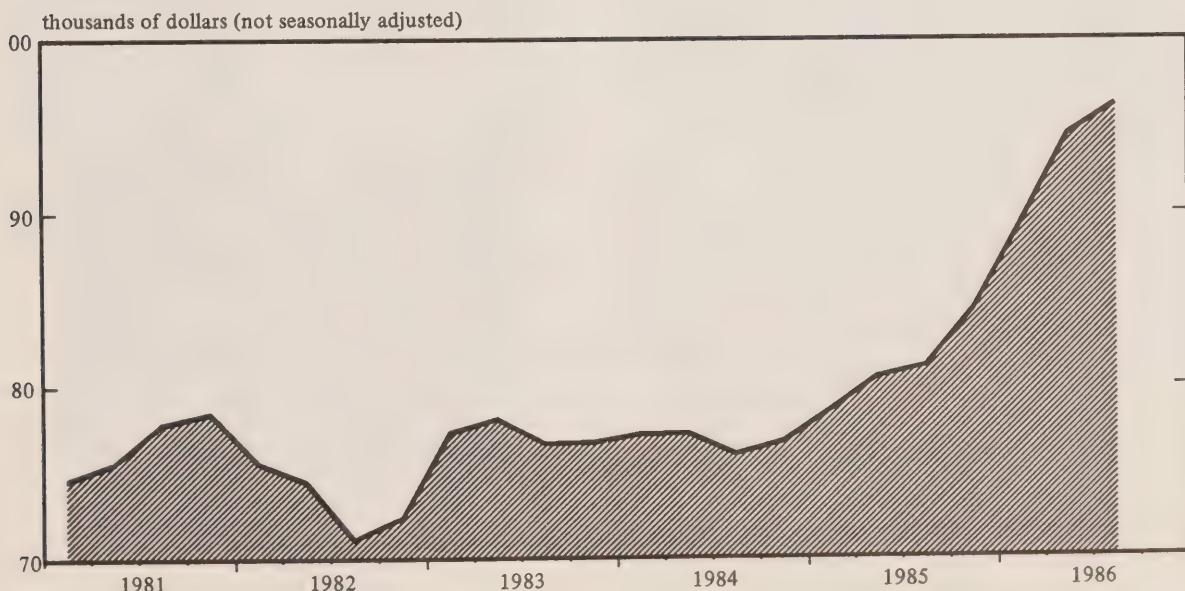
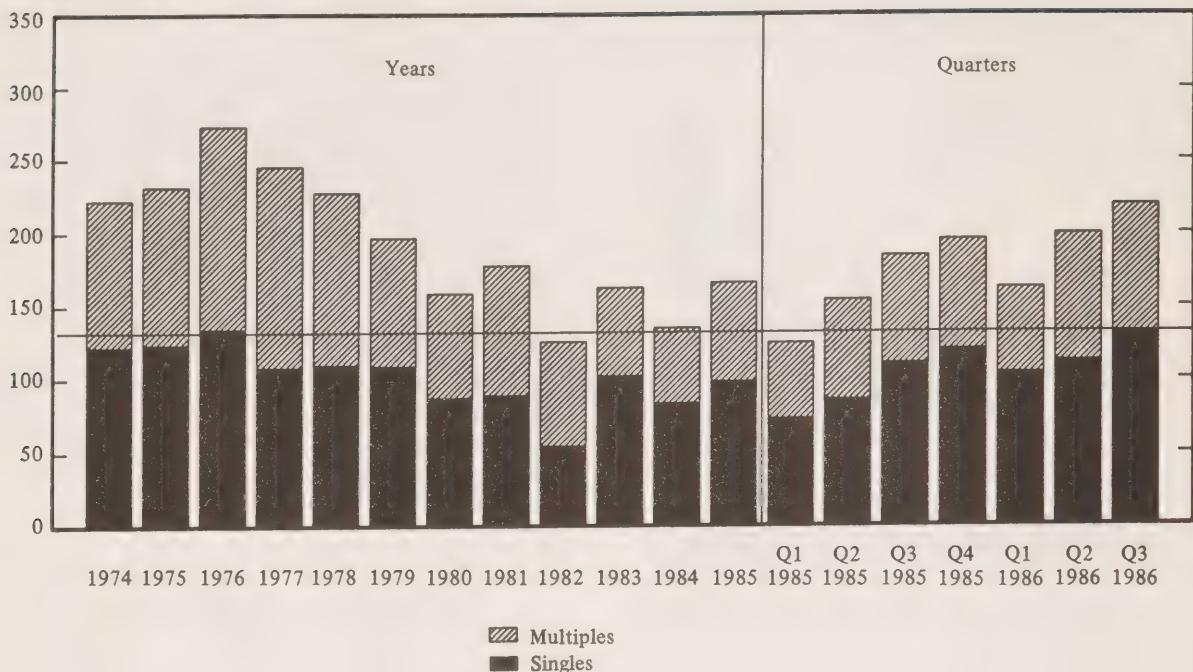


Chart 3.7

Total Housing Starts in Canada

thousands of units



Housing starts reached 219,000 units (annual rate) in the third quarter (Chart 3.7), their highest quarterly level in eight years. Unlike the mid-1970s, when various government programs were an important feature directing activity in the housing market, the recent surge in activity reflects an underlying strong demand for housing by households who have substantially improved their financial positions.

The improvement in the housing market to date in 1986 has been particularly strong in Ontario, but with significant strength also evident in Prince Edward Island, Quebec, Manitoba, and British Columbia.

4. Business Non-Residential Investment

Chart 4.1

Change in Real Business Non-Residential Investment

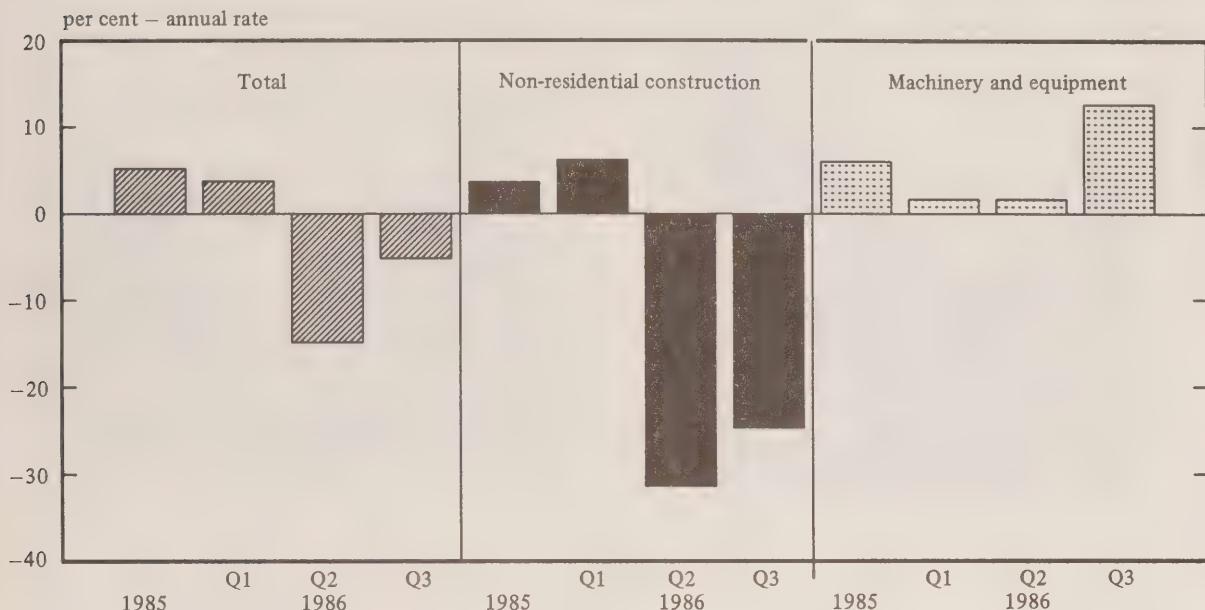
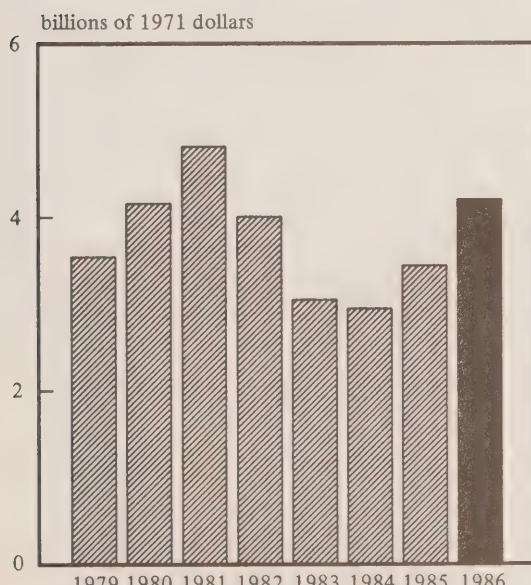


Chart 4.2

Real Manufacturing Investment

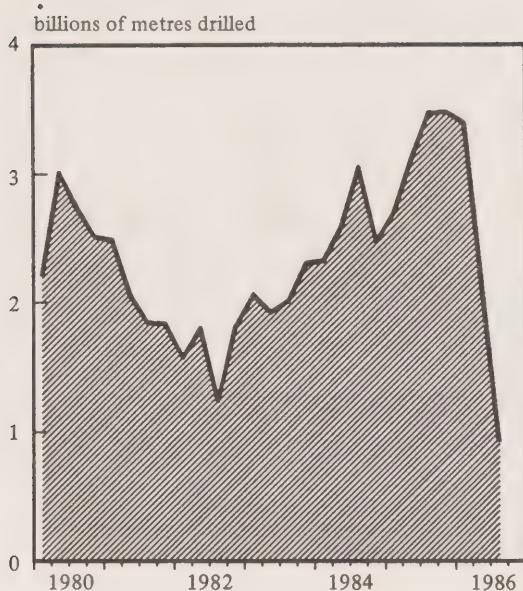


Business non-residential investment declined further in the third quarter for a cumulative drop of 4.3% in 1986 to date (Chart 4.1). Underlying the aggregate figures was a sharp fall-off in non-residential construction, stemming largely from large declines in oil and gas investment, which accounts for 30% of the total of non-residential construction. Non-energy investment, on the other hand, has been robust. For example, manufacturing investment is forecast to increase 22% in real terms in 1986 based on the Mid-Year Private and Public Investment (PPI) Intentions survey (Chart 4.2).

■ Historical data
■ PPI intentions

Chart 4.3

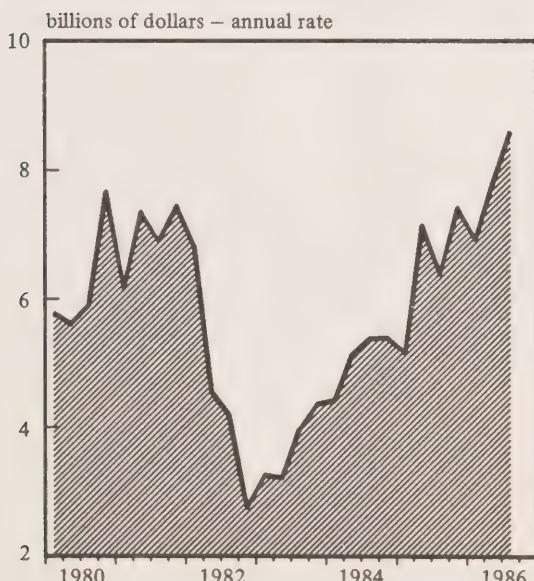
**Canadian Oil and Gas
Drilling Activity**



Oil and gas drilling activity reached a peak at the end of 1985 largely as a result of the expectation of enhanced profits arising from the dismantling of the National Energy Program, anticipation of continuing high energy prices, and the incentive to start drilling activities before the phasing out of federal Petroleum Incentive Program grants after March 1986. However, in the wake of the more than 50% plunge in world oil prices early in 1986, drilling activity declined by nearly 75% by the third quarter of 1986 (Chart 4.3).

Chart 4.4

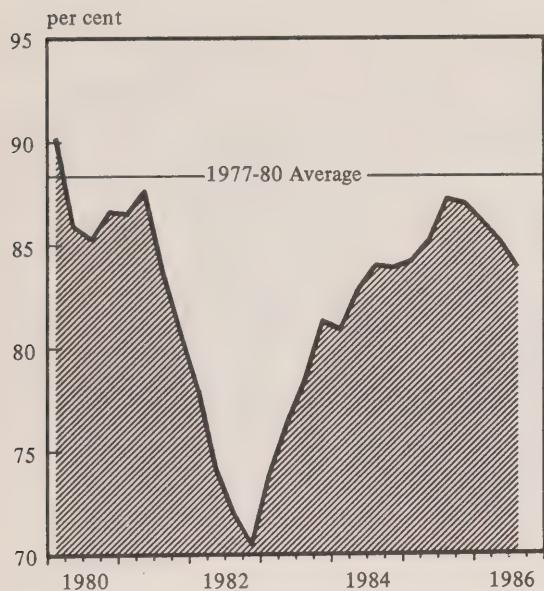
**Value of Business
Non-Residential Building Permits**



Outside the oil and gas sector, non-residential construction has remained strong, as indicated by the continued rise in the value of business non-residential building permits (Chart 4.4). The nominal value of building permits is now 14% above previous peak levels in 1981.

Chart 4.5

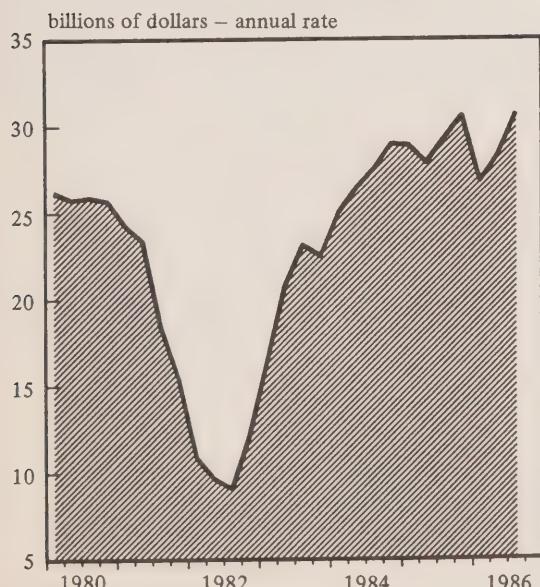
Manufacturing Capacity Utilization (Bank of Canada Measure)



Despite some weakening in the first three quarters of 1986, manufacturing capacity utilization rates are still close to 1981 (pre-recession) levels (Chart 4.5). Most of the decline in capacity utilization this year has occurred in transportation equipment industries due both to a major increase in capacity as a result of recent, large increases in investment, and to a reduction in output from record 1985 levels. Capacity utilization rates in a number of other manufacturing industries continued to increase this year with several of the industries showing high capacity utilization rates (e.g. paper and allied products, metal fabricating, clothing, furniture and fixtures).

Chart 4.6

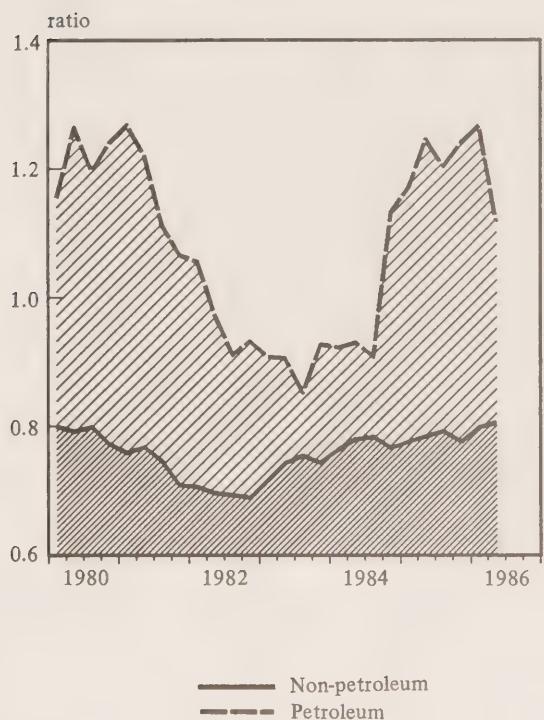
Corporation Profits After Taxes



Total after-tax corporate profits have rebounded in the third quarter of this year and are now around their 1985 peak levels. Current profits are substantially higher than any levels reached since the late 1970s (Chart 4.6). The rise in profits has occurred despite substantial declines in petroleum industry profits this year. While the levels have been restored, the share of profits in GDP is still below its peak level of 1979.

Chart 4.7

Large Industrial Corporations Liquidity
(current non-inventory assets/
current liabilities)



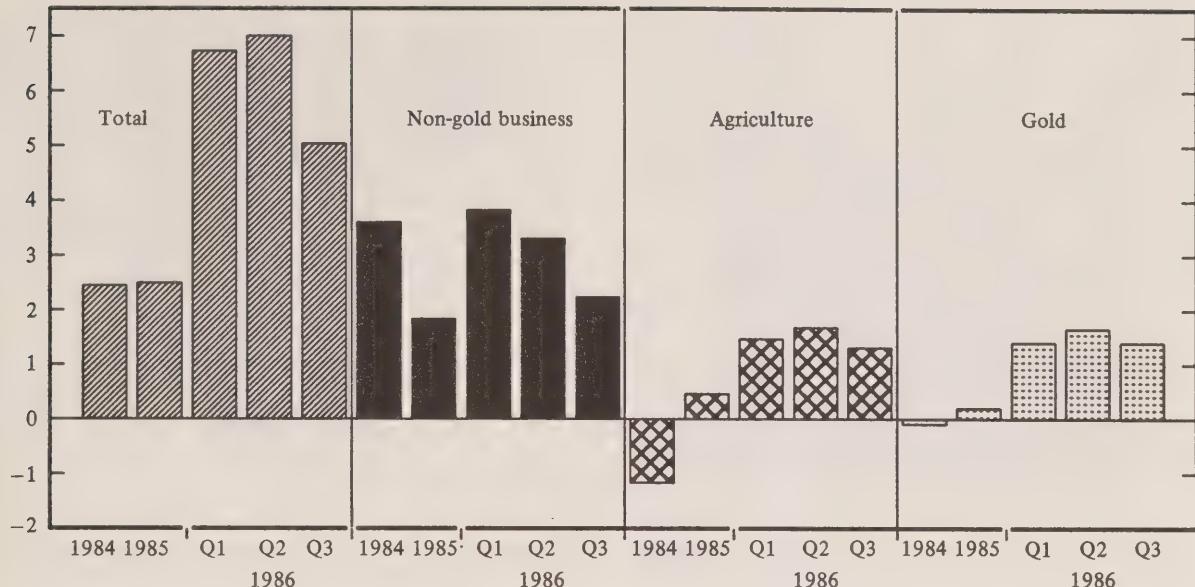
The rebound in profits has been reflected in a further improvement in the liquidity position of the non-petroleum sector, which has now reached its highest levels in five years. This, combined with debt-to-equity levels which are at five-year lows, places little financial constraint on further investment growth in the non-petroleum sector. The liquidity position of the petroleum sector remains well above the average for the non-petroleum sector but its cash flow has been substantially reduced in 1986 by the fall in world oil prices. The debt-to-equity ratio of the petroleum sector has also weakened in recent quarters.

5. Inventories

Chart 5.1

Real Inventory Investment

billions of 1981 dollars

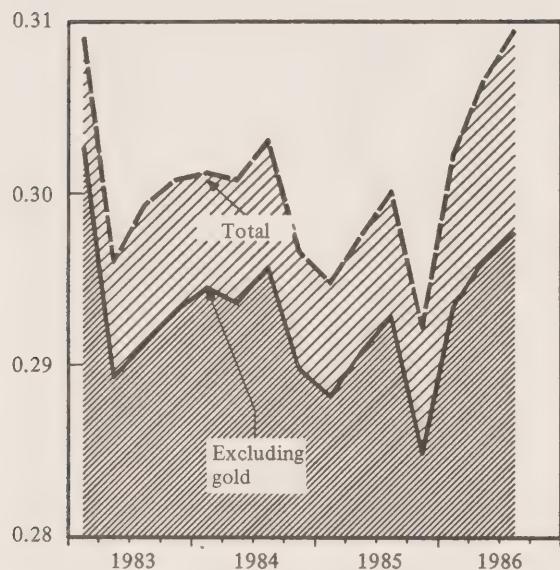


In the first half of 1986, real inventory investment increased by \$5.7 billion at annual rates and accounted for all of the growth of real GDP. While real inventory investment declined by \$2.0 billion in the third quarter, total inventory investment remained over twice its 1984-1985 average (Chart 5.1). A substantial part

of the inventory investment this year was due to a large accumulation of gold and agricultural inventories, up from negligible levels in the past two years. Non-gold business inventory accumulation has been moderate by recent standards over the first three quarters of 1986.

Chart 5.2

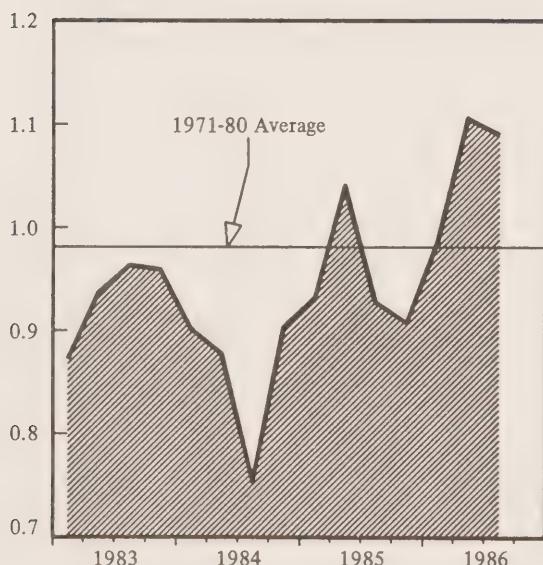
**Business Inventory-to-Sales
Ratio for Goods**



Despite strong inventory investment this year, there is little indication that inventory accumulation exceeds desired levels. By the third quarter of 1986, the total business inventory-to-sales ratio was only modestly above its average in the past three years (Chart 5.2) and much below pre-recession levels. Excluding investment in gold inventories, the business inventory-to-sales ratio remains near its average over the past three years.

Chart 5.3

**Agriculture
Inventory-to-Sales Ratio**



The agricultural inventory-to-sales ratio has risen substantially this year to levels well above its historical average, and certainly well above the low levels in 1984 and 1985 when droughts severely reduced grain harvests on the Prairies (Chart 5.3). Despite the high level of the agricultural inventories-to-sales ratio, strong accumulation is likely to persist in the fourth quarter as a result of large grain harvests and continued over-supply on international markets.

6. Government Sector

Chart 6.1

Federal Deficit (CIEA Basis)

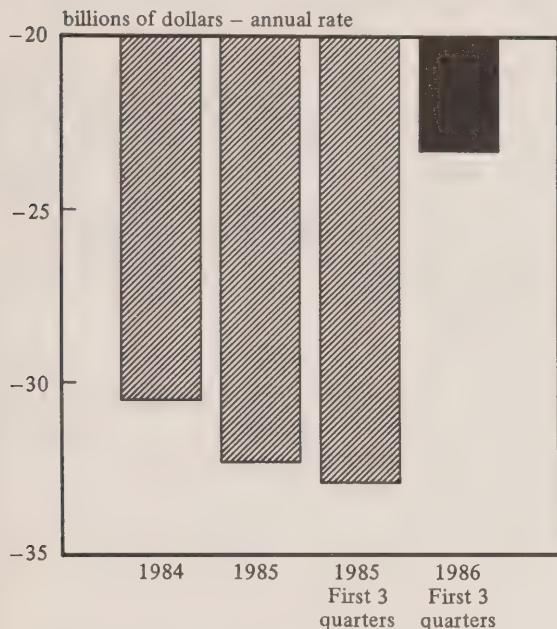
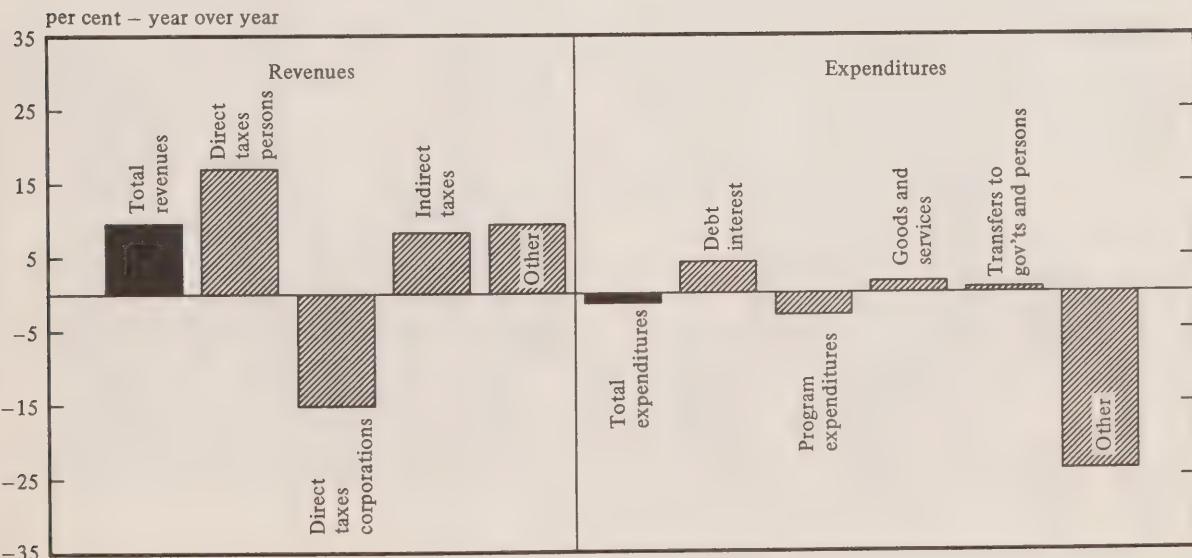


Chart 6.2

Change in Federal Government Revenues and Expenditures, First Three Calendar Quarters of 1986 (CIEA Basis)

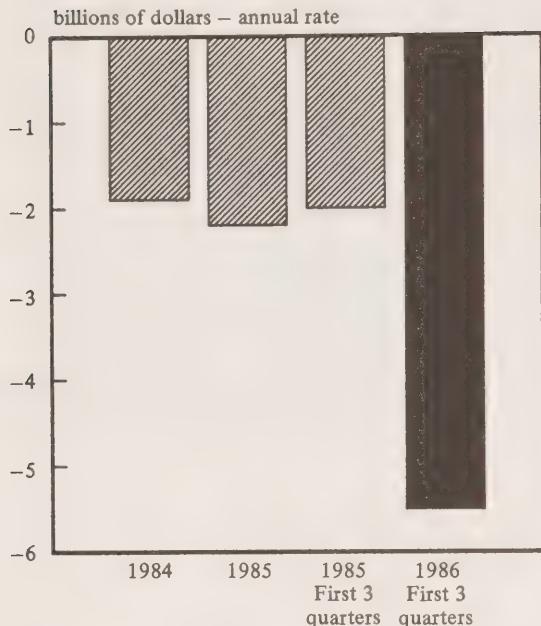


The federal deficit on a Canadian Income and Expenditure Accounts (CIEA) basis averaged about \$23.5 billion over the first three quarters of the year, down sharply from almost \$33 billion over the comparable period in 1985 (Chart 6.1). The federal deficit measured on a CIEA basis is typically lower than that on a public accounts basis due to non-budgetary sources of funds, primarily the government superannuation accounts, that are not included in the public accounts definition.

For the first three quarters of 1986, expenditures fell 1.4% and revenues rose 9.6% (Chart 6.2). Program expenditures fell 3.0%. Spending on goods and services grew slowly, while "other" spending fell sharply as a result of reduced subsidies (mainly petroleum compensation), and capital assistance (with the termination of petroleum incentive grants). Capital formation was also lower due to generalized restraint. Revenue growth was led by increased direct taxes on persons which were influenced by the timing of budget measures.

Chart 6.3

**Provincial, Local and Hospitals Balance
(CIEA Basis)**

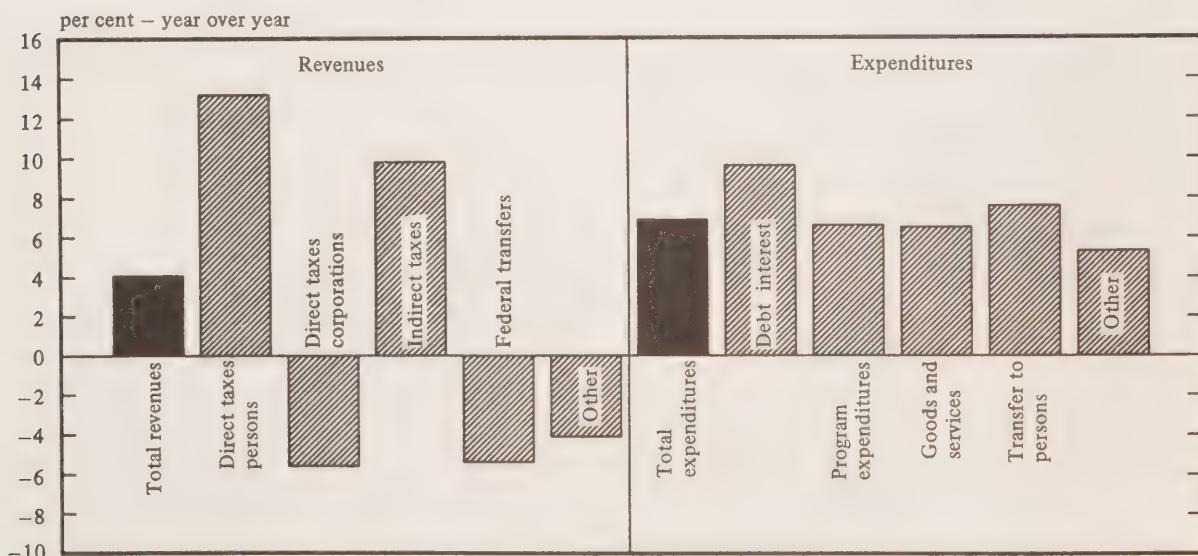


The consolidated provincial-local-hospital (PLH) sector deficit averaged \$5.5 billion in the first three quarters of 1986, up from about \$2 billion in the same period a year ago (Chart 6.3). A significant part of the increase in the PLH sector deficit resulted from the impact of lower oil and grain prices.

For the first three quarters of 1986, PLH expenditures rose 6.9% while revenues rose 4.1% (Chart 6.4). Expenditure growth was broadly based, led by increases in debt interest and transfers to persons. Revenue growth was less buoyant. The weakness in investment income reflected lower royalties stemming from the sharp decline in oil and gas prices. Federal transfers were affected by the impact of prior-year adjustments to these payments in 1985.

Chart 6.4

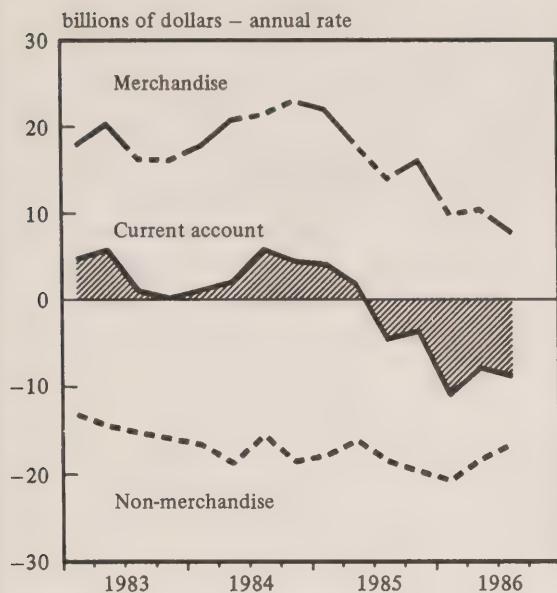
**Change in Provincial and Local Governments and Hospitals Revenues and Expenditures, First Three Quarters of 1986
(CIEA Basis)**



7. Foreign Trade and International Developments

Chart 7.1

Current Account Balance



The current account has improved substantially since the revised first quarter record deficit of \$10.9 billion (Chart 7.1), despite some slight deterioration in the third quarter. The main development in the third quarter was a \$2.9 billion decline in the merchandise trade surplus which was concentrated in July when the first merchandise trade deficit (-\$0.3 billion) since March 1976 was recorded. The monthly balance has since improved considerably.

On a geographic basis, the decline in the overall surplus was due primarily to a sharp drop in the surplus with the U.S. The deficit with our overseas trading partners remained roughly unchanged in the third quarter.

The non-merchandise deficit improved significantly in the third quarter, largely because of an improvement in the deficit on trade in services, in part because of Expo 86. This marks the fifth consecutive quarter the deficit on services has improved. The deficit on services is now at its lowest level since the first quarter of 1981.

In the third quarter, the trade surplus in real terms fell \$2.1 billion to \$15.7 billion, its lowest level since 1981. Strong growth in consumer expenditure and investment in machinery and equipment were responsible for the substantial rise in imports. On a monthly basis, the decline in the surplus occurred in July. Since that time, the monthly surplus has risen substantially (Chart 7.2).

Chart 7.2

Merchandise Trade Balance

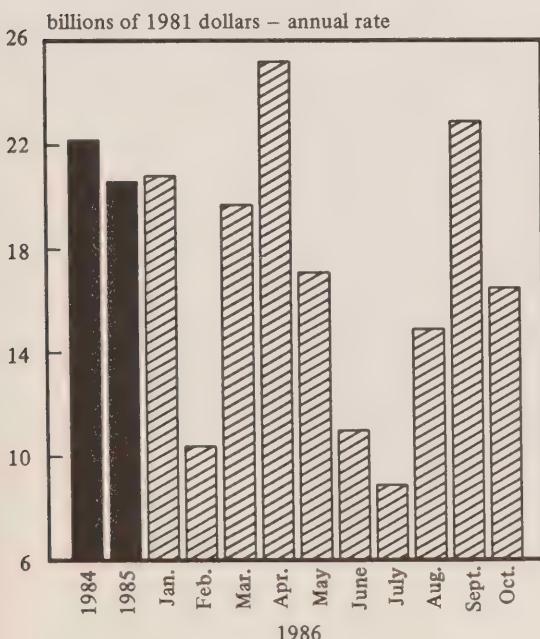
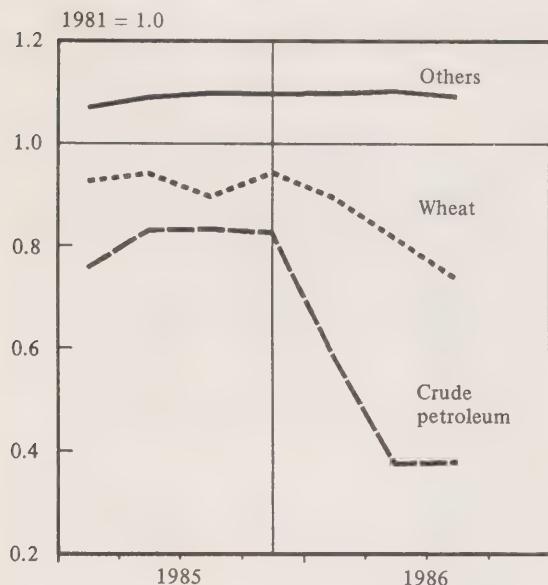


Chart 7.3

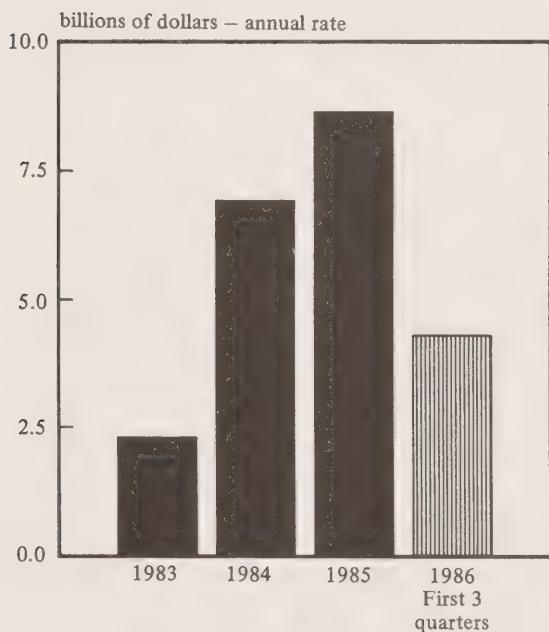
**Export Prices of Wheat,
Crude Petroleum and Others**



The terms of trade (defined as the ratio of export to import prices in Canadian dollars) improved slightly in the third quarter after falling substantially during the first two quarters of the year, due primarily to a sharp drop in the export price of crude oil and the large decline in wheat prices. The rise in export prices of finished goods offset the continuing downward trend in world wheat prices and the export prices of raw materials and natural gas (Chart 7.3). Import prices remained roughly unchanged in the third quarter.

Chart 7.4

**Current Account Balance
with U.S.**



The nominal merchandise trade balance with the U.S. has recently witnessed substantial quarterly fluctuations in both exports and imports. The balance with the U.S. dropped by \$3.0 billion in the third quarter to reach \$15.0 billion, with the strength in imports relative to exports reflecting stronger domestic demand in Canada.

On a current account basis, the Canadian surplus with the U.S. in the first three quarters of this year was much smaller than the merchandise trade surplus, due to the substantial deficit Canada has with the U.S. on non-merchandise trade. Over the first three quarters of the year, the current account surplus has fallen to \$4.3 billion (annual rate) compared to \$8.6 billion in 1985 (Chart 7.4).

Chart 7.5

Merchandise Trade Balance with Overseas Countries

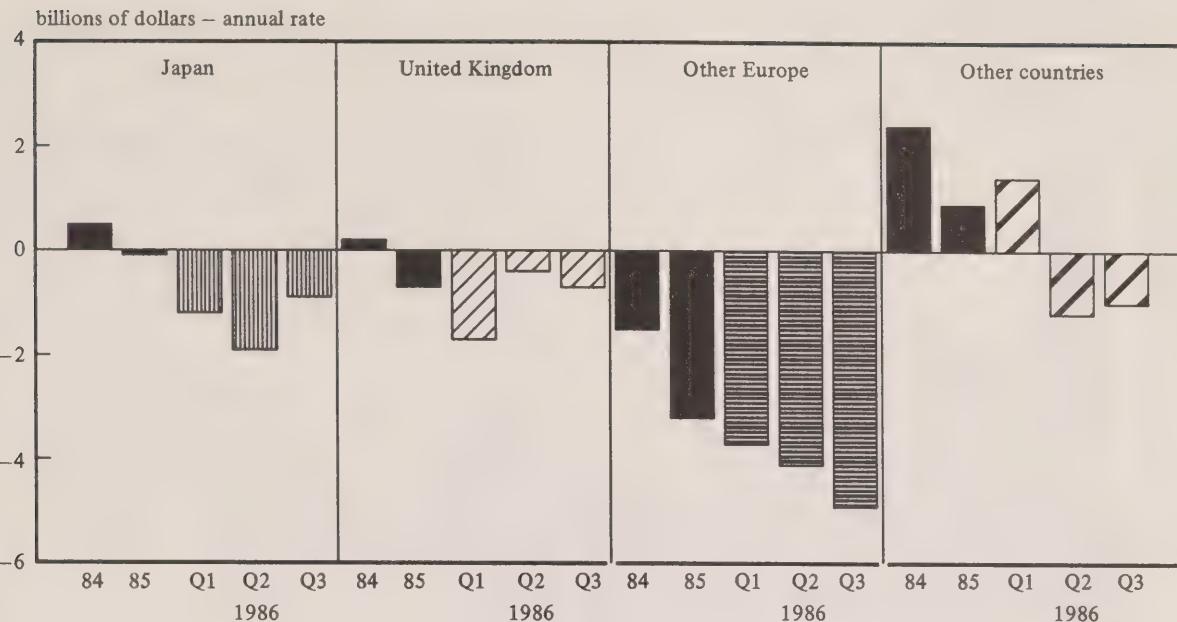
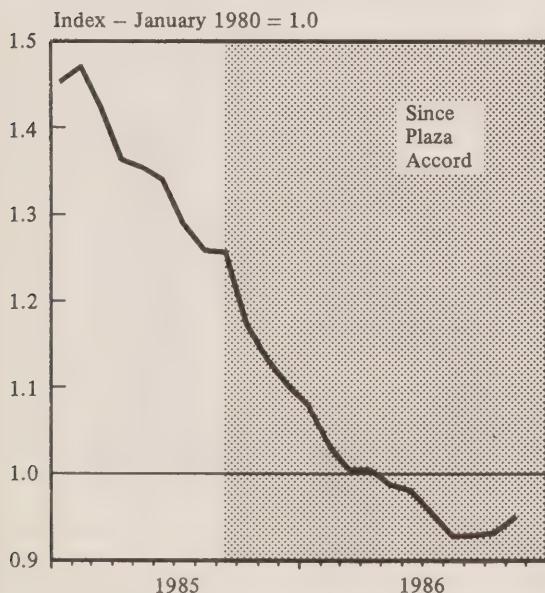


Chart 7.6

Price of Canadian Dollar (Average Noon Value) Relative to Major Overseas Currencies

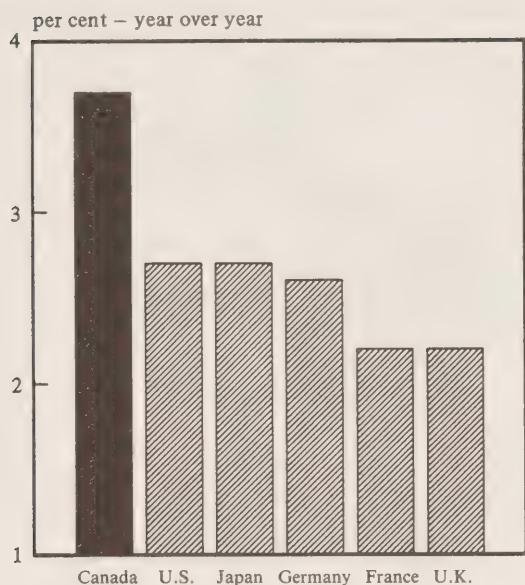


The merchandise trade deficit with overseas countries has deteriorated over the course of 1986, averaging \$6.7 billion in the first three quarters compared to the 1985 deficit of \$3.2 billion. The increase in the deficit has been largely concentrated with European countries other than the U.K. (Chart 7.5). This deterioration has been associated with significant growth in the value of imports, while exports have remained roughly constant.

Weak growth in the domestic demand of Canada's trading partners and the fall in world commodity prices contributed to the recent weakness in exports. Growth in imports reflects primarily the effect on import prices of the depreciation of the Canadian dollar vis-à-vis overseas currencies, strong growth in the demand for foreign autos and the removal of quotas on certain types of footwear. The substantial depreciation of the Canadian dollar against overseas countries (Chart 7.6), since early 1985, suggests that some improvement in our trade balance with overseas countries is likely.

Chart 7.7

**Growth in Canada and
Other Countries
First Three Quarters of 1986**



Note: Third quarter data for France are an estimate.

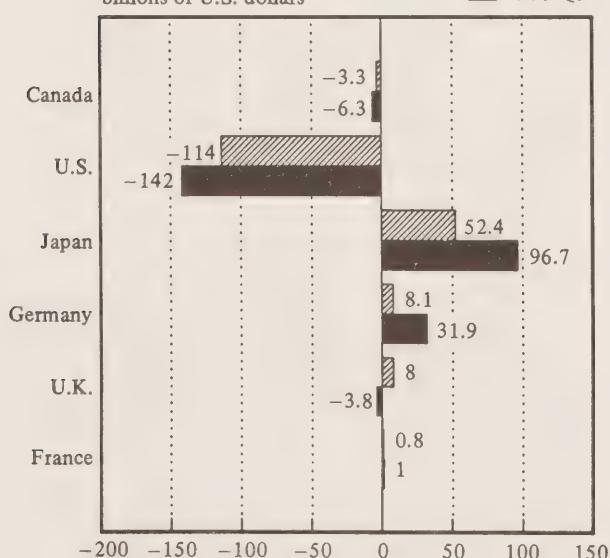
Although world oil prices and interest rates have declined substantially, most industrialized countries experienced a slowing in economic growth early in 1986. Since the first quarter, several major countries in the OECD region have witnessed some pick-up in economic activity.

Economic growth in Canada has been substantially stronger than that of our major trading partners when measured over the first three quarters of 1986 relative to the same period a year ago (Chart 7.7).

Chart 7.8

Current Account Balance

billions of U.S. dollars



Note: Data for France compare 1986:Q2 to 1985:Q2.

Despite the large exchange rate realignments against the U.S. and Canadian dollars which have taken place since early 1985, large and worrisome current account imbalances persist (Chart 7.8), both among industrial countries, and between industrialized countries and the newly industrialized countries and less-developed countries.

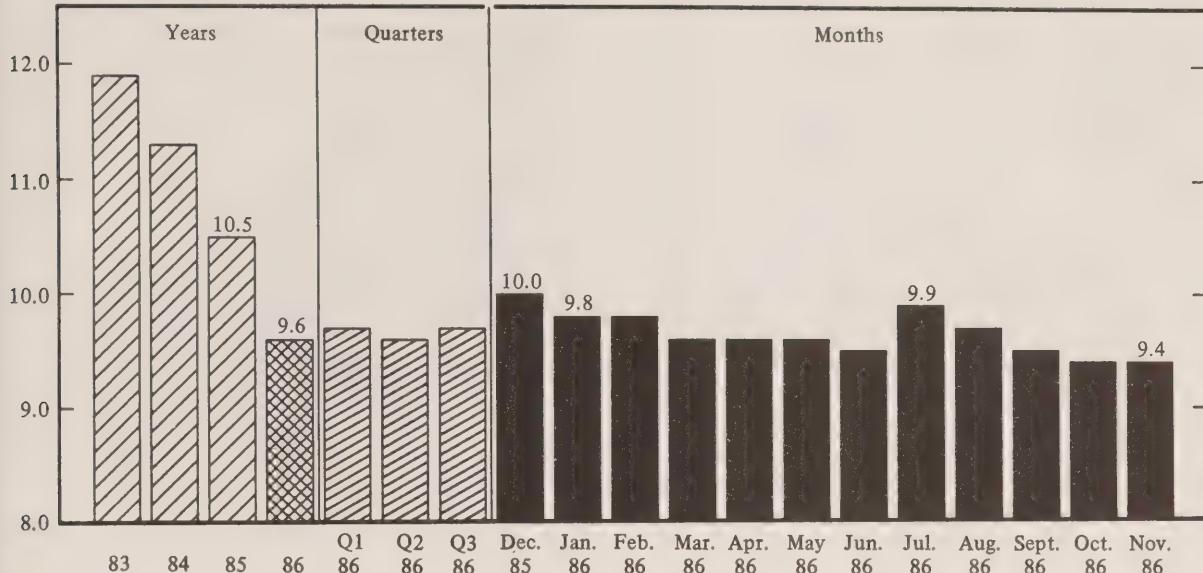
In the third quarter of 1986, Japan's current account surplus was almost double its year-ago level, while in Germany the current account surplus was about four times larger.

8. The Labour Market

Chart 8.1

Unemployment Rate

per cent

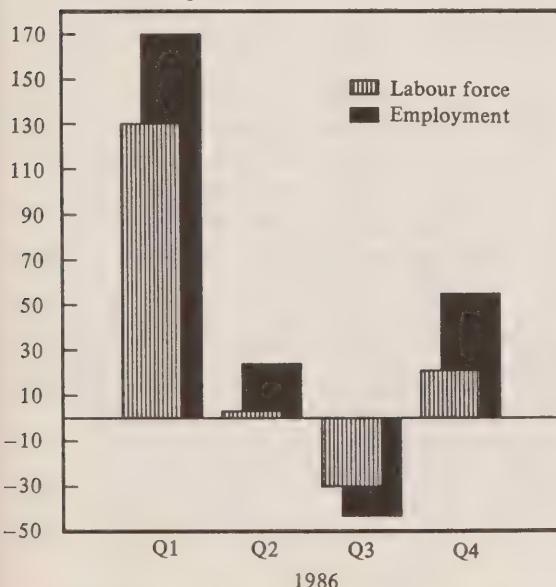


1986 is average of first 11 months.

Chart 8.2

Changes in Employment and the Labour Force

thousands of persons



1986:Q4 is average of October and November.

Over the first 11 months of this year, the unemployment rate averaged 9.6% – a significant improvement from the average rate of 10.5% in 1985. The increase in the unemployment rate which occurred in July has been more than reversed, with the rate declining to a 4 1/2-year low of 9.4% in October and November (Chart 8.1).

During the year to the end of November, there have been 164,000 jobs created which, offset by labour force growth of 99,000, have translated into a 0.6 percentage point decline in the unemployment rate from the 1985 year-end level (Chart 8.2).

Chart 8.3

Youths and Adults Employment

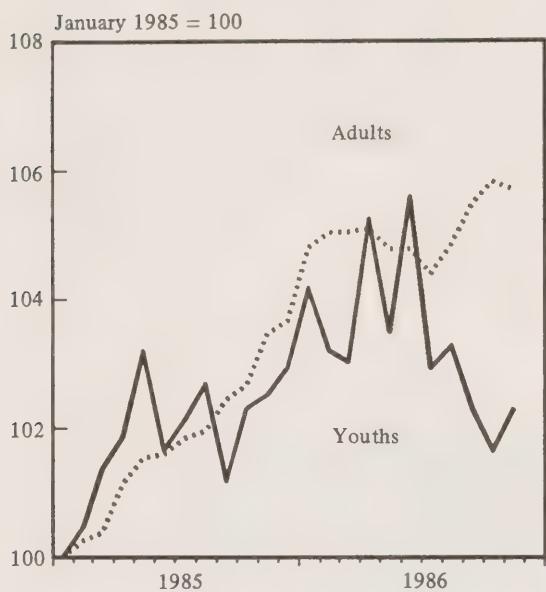


Chart 8.4

Labour Force Source Population for Youths and Adults

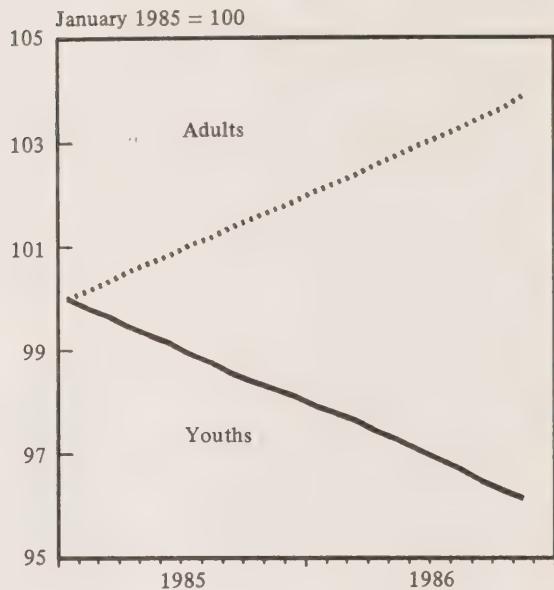
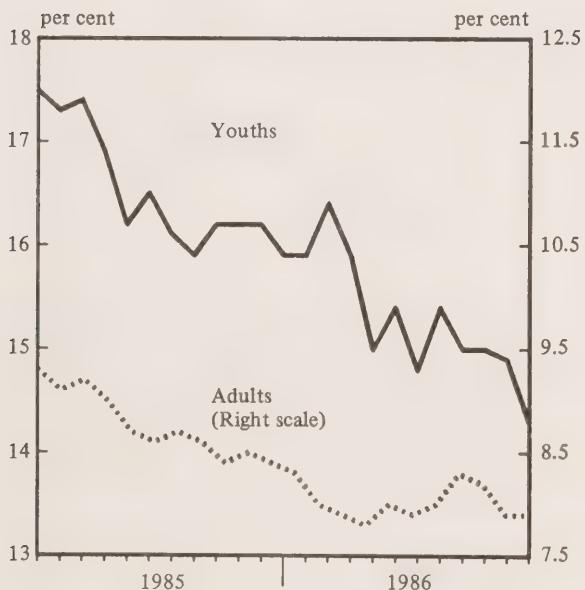


Chart 8.5

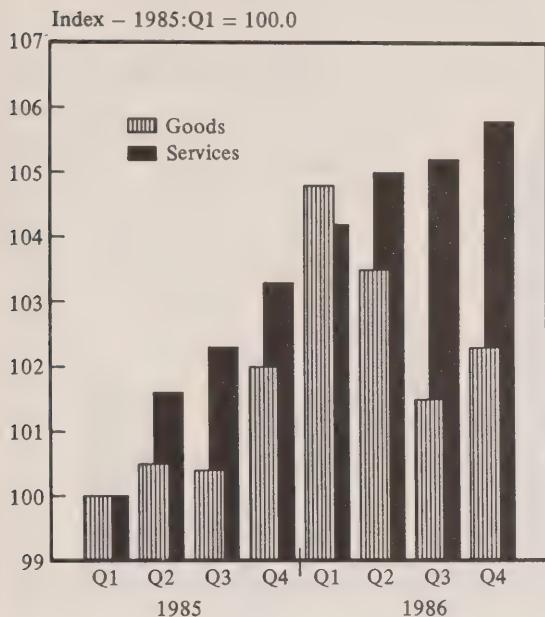
Decline in Unemployment Rates for Youths and Adults



Employment has increased strongly for both adults and youths over the last two years (Chart 8.3). The youth job creation which has occurred in 1985 and 1986 is especially significant considering their declining source population (Chart 8.4). This has led to a strong increase in the youth employment-population ratio which, in mid-1986, virtually matched 1981 levels (the pre-recession peak). The result has been a larger absolute decline in the youth unemployment rate than that for adults (Chart 8.5). In November, the youth unemployment rate fell to its lowest level since October 1981.

Chart 8.6

Employment in Goods and Services



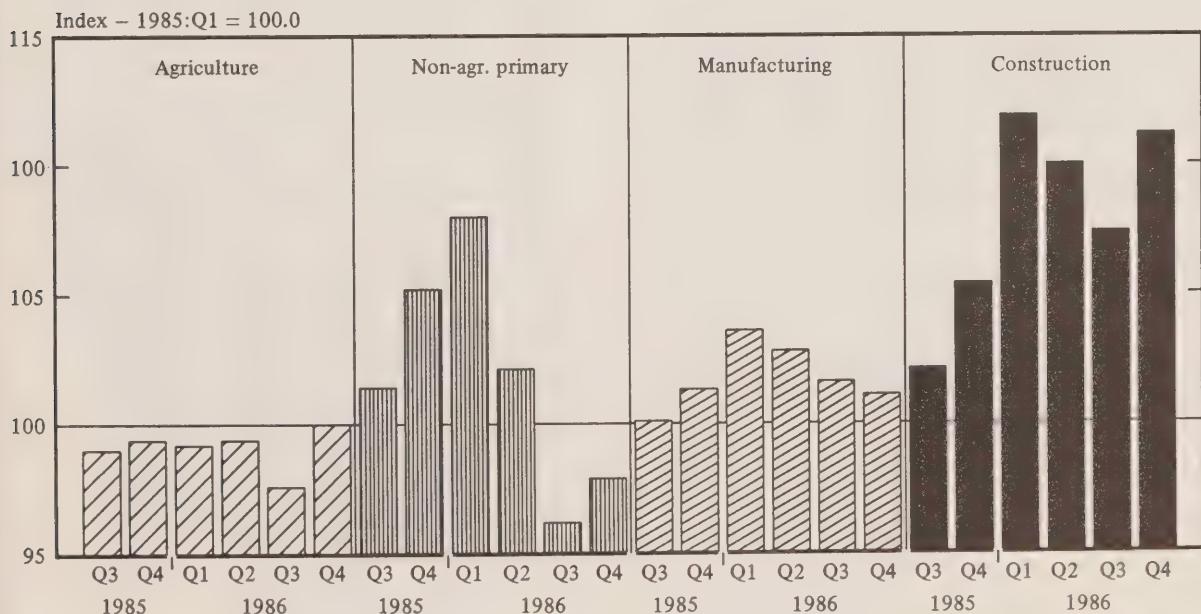
Note: 1986:Q4 is an average of October and November.

Over the last two years, industrial employment growth has closely matched the pattern of output growth. Services employment has increased steadily, while goods employment (and output) grew strongly to the first quarter of 1986, but declined in the second and third quarters, due primarily to the weakness in the energy sector.

Goods employment, however, has shown some pick-up so far in the fourth quarter (Chart 8.6). The recovery in goods employment to date in the fourth quarter has occurred in agriculture, other primary and construction sectors. Employment declined only in manufacturing. The rebound in goods employment in October and November augurs well for future output growth in these sectors (Chart 8.7).

Chart 8.7

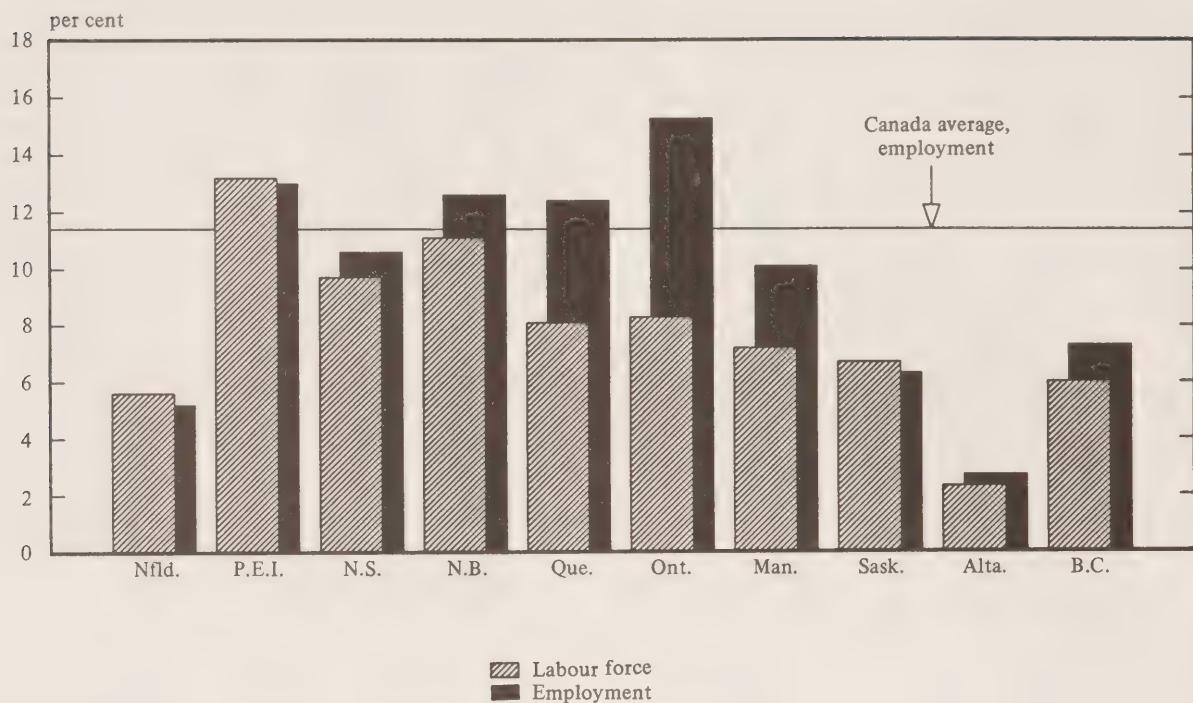
Employment by Major Goods Sectors



Note: 1986:Q4 is an average of October and November.

Chart 8.8

**Provincial Employment and Labour Force Growth
in the Recovery Since the Fourth Quarter of 1982**



From its December 1982 peak of 12.8%, the unemployment rate in Canada has declined by 3.4 percentage points to 9.4%, its lowest level since the first quarter of 1982. Underlying this drop in the unemployment rate has been rapid growth in both the number of jobs created and the labour force. These features have been evident in most regions of the country.

Employment has increased strongly since the end of 1982 in most of the Atlantic provinces, Quebec, Ontario and Manitoba. The effects of depressed grain and resource prices are, however, apparent in employment weakness in

Saskatchewan, Alberta, Newfoundland and, to a lesser extent, British Columbia.

The Atlantic region has experienced extraordinary labour force growth since the end of 1982 which has slowed significantly the decline in the Atlantic unemployment rate. This is due to both higher population growth and larger participation rate increases than in other provinces. Even though Atlantic employment growth has been near the Canadian average, this strong labour force growth has led to only moderate declines in the overall unemployment rate in the Atlantic region.

9. Price and Wage Sector

Chart 9.1

GDP Inflation

per cent change – year over year

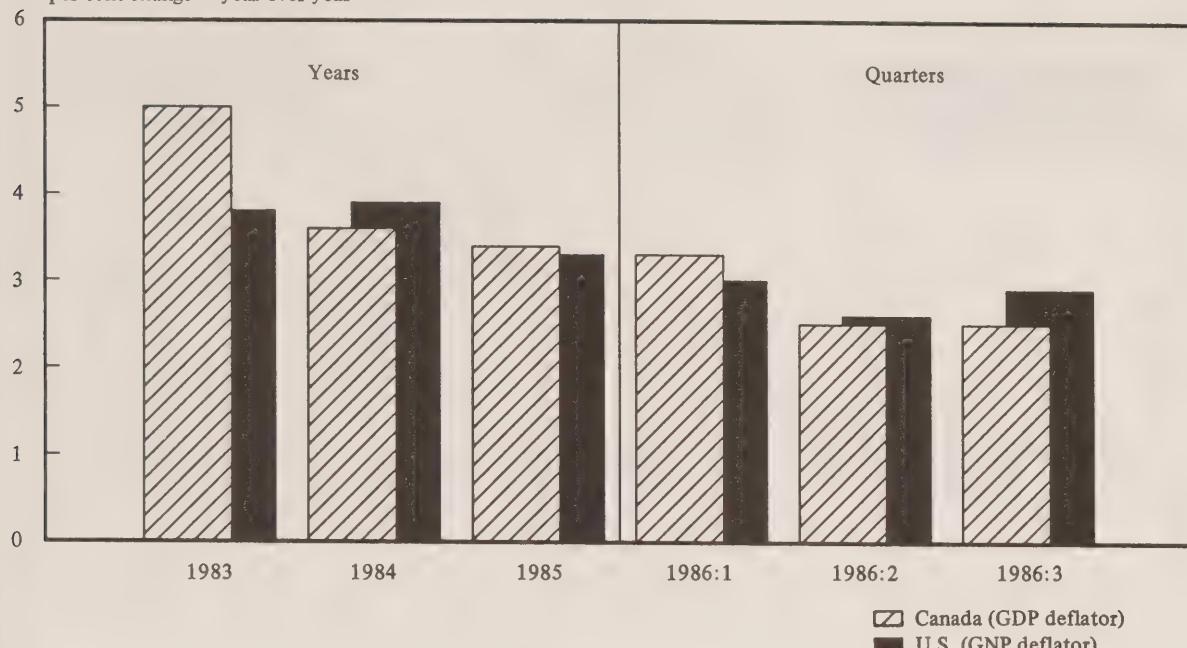
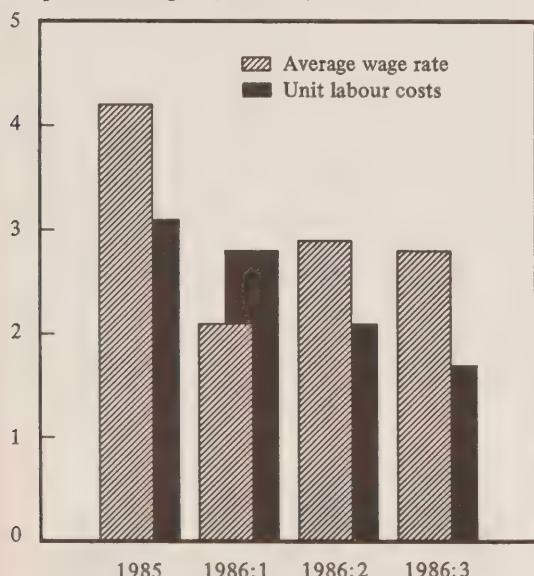


Chart 9.2

Average Wage Rate* and Unit Labour Costs

per cent change – year over year



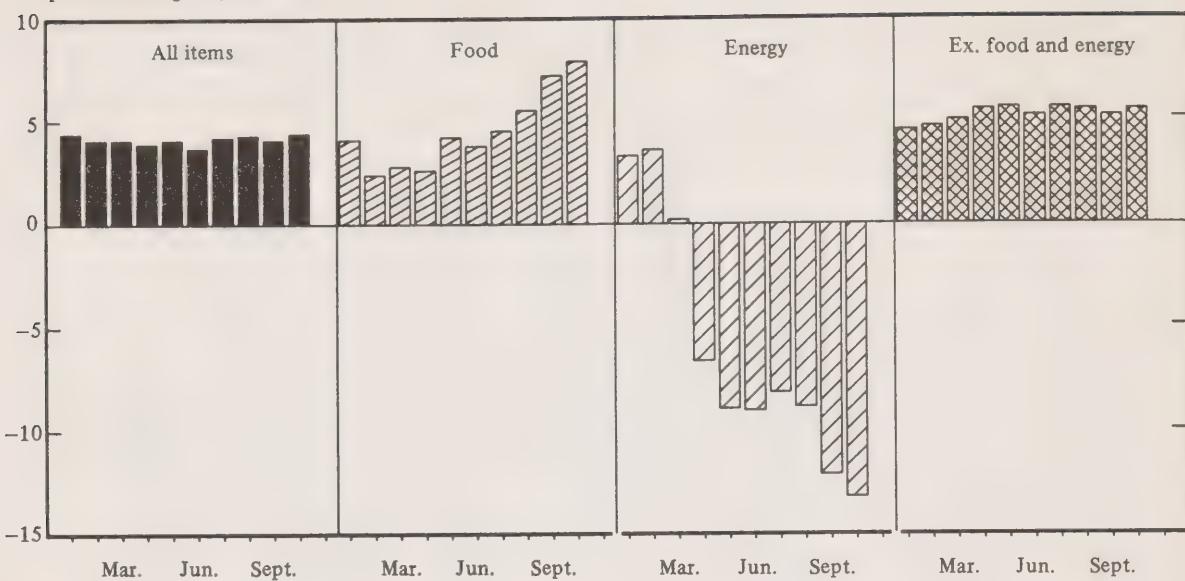
*The average wage rate is measured as labour income divided by total employment.

In the third quarter of 1986, the GDP deflator, the broadest measure of the prices of Canadian output, stood 2.5% higher than a year ago, a rate below equivalent increases in the U.S. (Chart 9.1). This moderate rate of increase of the GDP deflator over the past year reflects mainly a weakening of our export prices during the first half of the year and moderate increases in unit labour costs (Chart 9.2). In the third quarter, the GDP deflator increased by 4.7% (annual rate) compared to 1.8% in the second quarter. This increase reflects both a pick-up in final domestic demand prices, due partly to the impact of increases in indirect taxes, and a slight rise in the terms of trade after two quarters of decline.

Chart 9.3

CPI Inflation – 1986

per cent change – year over year



Prices in the consumer sector, as measured by the consumer price index (CPI), continued to increase at a year-over-year rate of around 4% in the third quarter, and in October posted an advance of 4.4% (Chart 9.3). Underlying the overall rate of CPI inflation, the impact of declining energy prices has been tempered by increases in indirect taxes on certain commodities as well as increases in the prices of certain non-energy components, notably:

- food, due in large part to a sharp increase in the price of certain meats, and
- new house prices, principally in Central Canada.

Energy prices continued to decline in the third quarter, albeit at a slower pace than earlier in the year. In October, the CPI energy price index was 13.2% below its level of a year ago. This decline in the CPI's energy component reflects the decline in the prices of gasoline and fuel oil.

Raw material prices other than mineral fuels continued their year-old upward trend. Increases in recent months reflected mainly sharp price increases for livestock and animal products which more than offset declines in grain prices.

10. Financial Sector

Chart 10.1

Short- and Long-Term Interest Rates in Canada (Month-End Values)

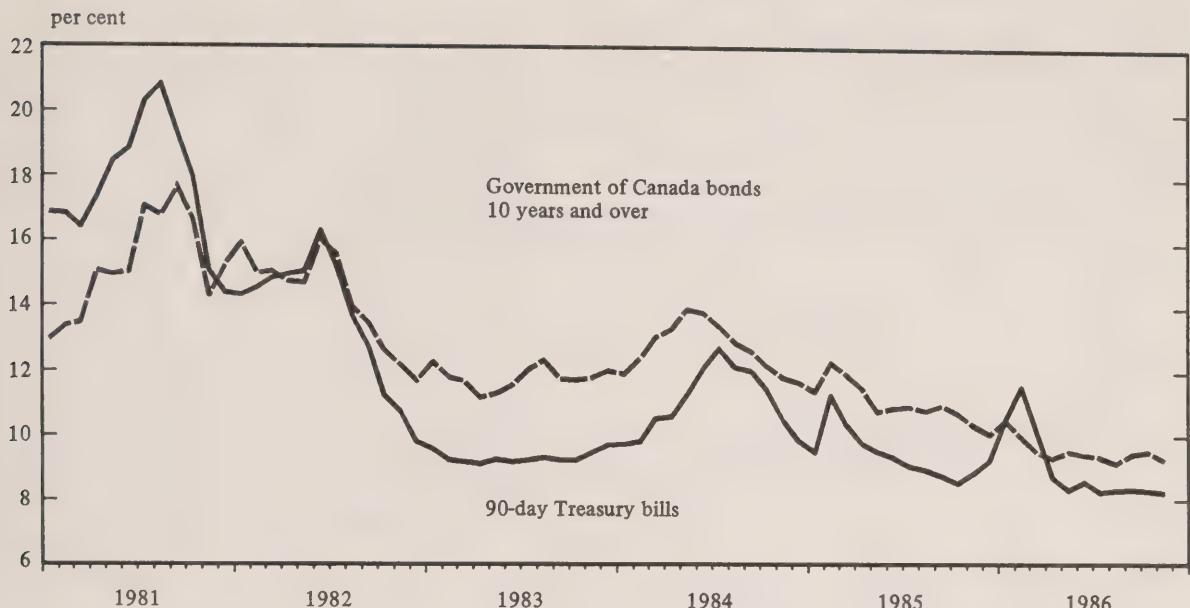
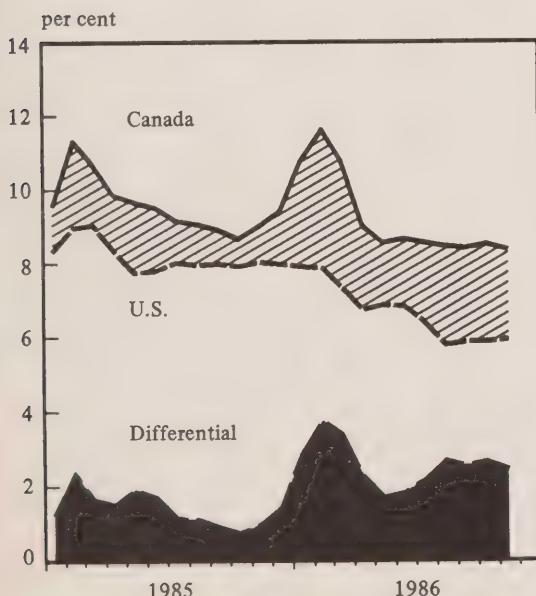


Chart 10.2

90-Day Commercial Paper Rate in Canada and the U.S.



Over the past six months, both short- and long-term interest rates in Canada have been relatively stable and at their lowest levels since 1978 (Chart 10.1). By early December, the Bank Rate was about 8.5% – roughly 3.6 percentage points below its 1986 peak in mid-February and one percentage point below its level at the end of 1985. The uncovered differential between Canadian and U.S. 90-day commercial paper rates has narrowed somewhat over the third quarter (Chart 10.2). As of early December, this differential was approximately 2 1/4 percentage points.

Chart 10.3

**Price of Canadian Dollar (Average Noon Value)
Relative to Major Trading Partners**

index – January 1980 = 1.0

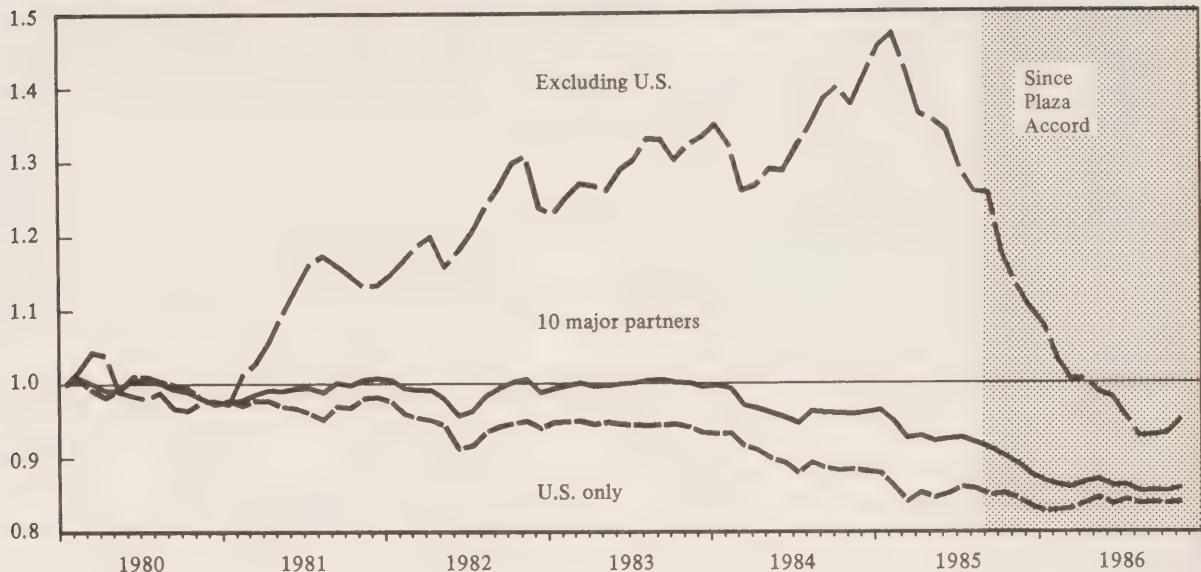
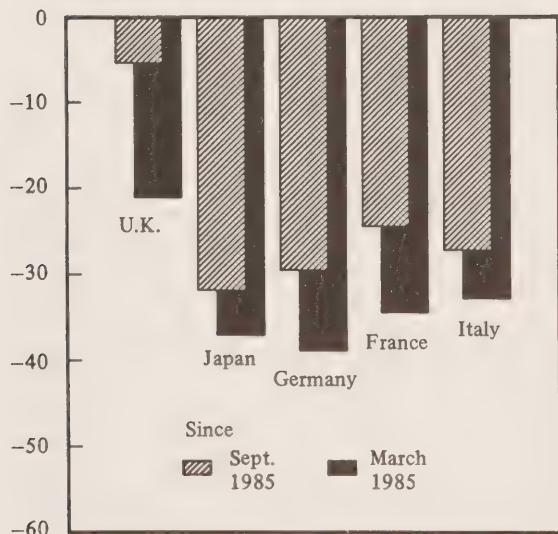


Chart 10.4

**Changes in the Value of the
Canadian Dollar Relative to
Major Overseas Currencies
as of November 1986**

cumulative per cent change

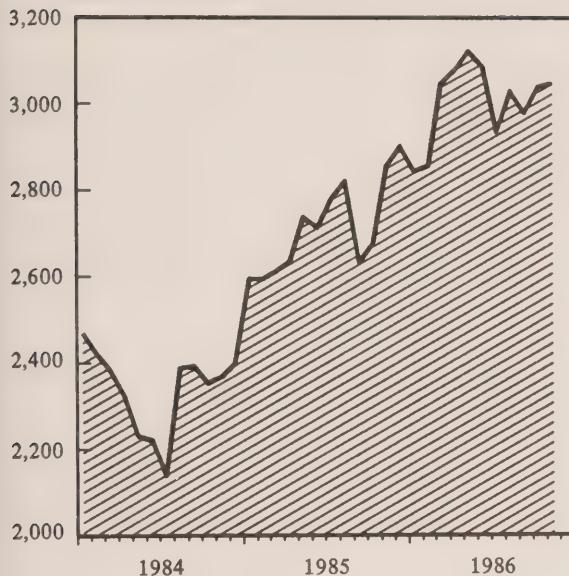


The Canadian dollar has remained relatively stable against the U.S. dollar over the past six months, trading around U.S. \$0.72. Against major overseas currencies, the Canadian dollar has followed the U.S. dollar down. As of November 1986, the decline of the Canadian dollar against the G-9 group of currencies, measured from the March 1985 peaks, amounted to 33.3% (with the largest drops occurring against the Japanese yen and German mark). The decline against all major currencies including the U.S. dollar (on a trade-weighted basis) amounted to 7.3%. Since the September 1985 Plaza Accord, the depreciation against non-U.S. currencies has been 24.3%, and against the G-10 group it has been 5.8%.

Chart 10.5

TSE 300 Closing Quotation

index 1975 = 1000

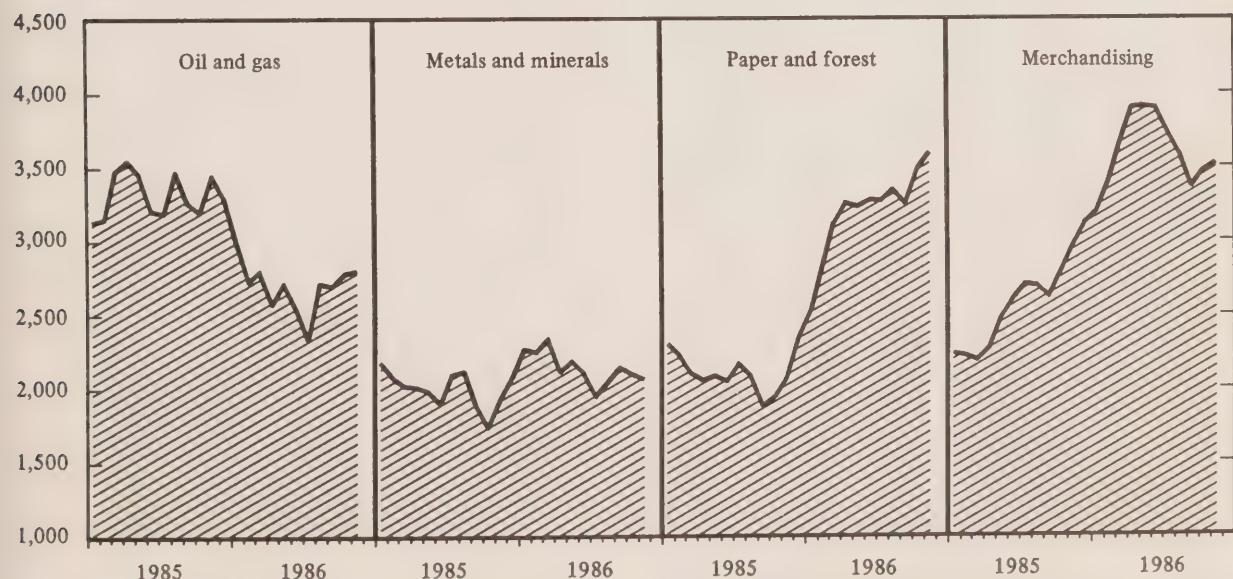


While share prices have fallen from early-Spring peaks, the TSE 300 Index remains at very high levels given the strong gains which took place from mid-1984 to early 1986 (Chart 10.5). The high level of share prices has increased wealth in the personal sector and encouraged corporations to use equity markets as a source of financing.

Chart 10.6

Selected TSE Indexes Since the Beginning of 1985

index 1975 = 1000



Special Report

This special report was prepared under the direction of Patrick Grady in the Economic Analysis and Forecasting Division and represents the views of the authors.

Comments may be addressed to:

Michael Kennedy, Economic Analysis and Forecasting Division,
Fiscal Policy and Economic Analysis Branch,
Department of Finance.

11. Measuring Canada's International Competitiveness

Introduction

Modern industrial economies are characterized by some specialization in production and a heavy reliance on foreign trade. These characteristics have become more pronounced over time as a result of a gradual lowering of tariffs and trade restrictions under the General Agreement on Tariffs and Trade. Canada's dependence on foreign trade is particularly large, with almost 30% of our output exported to the rest of the world and about the same proportion of total domestic demand supplied from foreign sources.

The importance of international trade to the Canadian economy highlights the need for measures to assess our competitiveness relative to that of our trading partners. Fundamentally, international competitiveness refers to the ability of domestic producers to sell at prices no higher than those of foreign producers while earning an adequate profit. A concern is whether the cost structure of an economy is out of line with that of its trading partners. If so, adjustments which may entail disruptive and costly reallocations of resources will be required to restore competitiveness. Such adjustments would result in some combination of reductions in domestic wages and prices and a depreciation of the exchange rate.

By themselves, certain indicators of competitiveness can be misleading in assessing trade performance. This is especially so in the context of a floating exchange rate. For example, an increase in the terms of trade (the price of exports relative to the price of imports) due to changes in the international demand for different goods can lead to an improvement in a country's trade balance while producing at the same time a "decline" in competitiveness as measured by standard indicators such as export prices. Similarly, changes in the pattern of domestic savings and investment may require a decline in measured competitiveness to promote beneficial changes in the structure of production. For example, a country financing increased investment through capital inflows would tend to experience an increase in its exchange rate and a corresponding loss in

competitiveness. It is important in evaluating competitiveness to keep these qualifications in mind.

This special report addresses the issue of competitiveness in the narrower context of the performance of our manufacturing sector relative to that of the other major industrialized economies. Section 1 discusses three related, commonly employed measures of competitiveness and the advantages as well as the inherent problems in each. Sections 2 and 3 review the behaviour of commonly used measures of competitiveness in the periods before and after the 1982 recession. Section 4 provides some general observations and a summary.

1. A Review of Measures of Competitiveness

Measures of competitiveness should in theory compare the level of total costs of producing comparable traded goods in this country with those of its competitors in a common currency. Leaving aside considerations of exchange rate adjustments for the moment, total costs consist of two distinct components: compensation for inputs, like labour, capital and raw materials, used in the production process; and the efficiency with which these inputs are combined to produce outputs, commonly referred to as productivity. The lower are a country's costs for inputs and the higher is its productivity, the stronger is its competitive position. Of course a country's goods can still be competitive even if its domestic costs and its productivity are out of line with those of its major trading partners as long as the exchange rate moves to compensate. A country's competitive position then is jointly the result of developments which affect its input costs, productivity and exchange rate.

Unfortunately, because of data limitations, such simple and comprehensive measures of competitiveness are not available. What is available and commonly used are three quite different measures that focus only on the labour costs involved in producing a unit of output, commonly referred to as unit labour costs. These are:

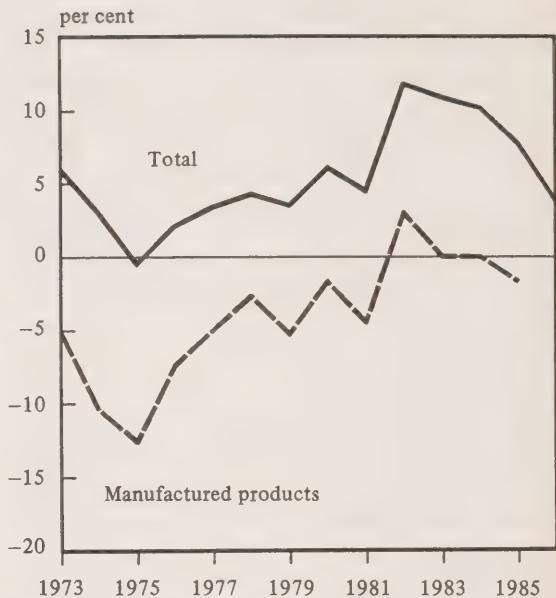
- **Common currency cost levels.** This indicator embodies both exchange rate and cost measures by comparing international labour cost *levels* of producing a homogeneous unit of output in a common currency.
- **Common currency cost changes.** This differs from the first measure in that *changes* in labour costs rather than their levels are compared in a *common currency*. Common currency measures of competitiveness mask the source of changes in competitiveness; that is, whether competitiveness has changed because of exchange rate or domestic cost changes.
- **Domestic currency cost changes.** This differs from the second measure in that *changes* in labour costs are compared in *domestic* rather than common currencies. By excluding the exchange rate effects, the focus is on the total domestic cost component of competitiveness.

Some further limitations common to all these indicators are worth noting.

- Comparable international data are generally available only for the manufacturing sector. Thus, in addition to focusing on labour costs to the exclusion of capital and intermediate input costs, the commonly used measures suffer from the additional limitations of being more narrowly based than the total basket of exports and imports.
- These indicators also suffer from the conceptual problem that, because of product specialization, different countries do not generally produce the same products and, hence, prices and costs of these diverse products are not strictly comparable. Canada is a country which tends to be somewhat more specialized in its exports and imports than some of our major trading partners.

Chart 11.1

**Normalized Trade Balance
(Balance as Share of Exports
Plus Imports)
1974-1985**



It should also be emphasized that indicators of the competitiveness of the Canadian economy must square with the basic facts that there has been an improvement in Canada's total and manufacturing trade balances in the 1980s (Chart 11.1) and that Canada's share of world trade during the same period rose substantially from 3.6% in 1980 to 5% by 1985.

Common Currency Labour Cost "Levels"

The simplest and most direct way to compare competitiveness is to examine the level of labour costs of producing goods in two countries on a common currency basis; that is, labour costs per unit of output adjusted for exchange rate differences. This measure conceptually comes the closest to being the best indicator. However, measures of competitiveness using common currency cost *levels* suffer from a number of measurement flaws.

A comparison of international labour cost levels necessitates *precise* international comparisons of wage rates and productivity levels, the two

components of labour costs. Unfortunately, comparable international data for these variables are not available. Some countries report labour costs including fringe benefits while others exclude such benefits.

Productivity estimates also differ depending upon how they are calculated. For example, productivity measures on an employment basis can differ from measures on an hours-worked basis. The relative ranking of countries in terms of productivity performance, a key determinant of competitiveness, can change significantly according to which definition is used.

Other considerations besides labour costs ideally should be accounted for when evaluating competitiveness. Capital costs, the costs of energy inputs, and the costs of other raw materials may diverge quite significantly among countries. In addition, considerations about the types and quality of goods produced as well as profit margins are not taken into account in the data. Because of these various differences, comparisons of measures of the *level* of competitiveness are difficult to interpret.

Common Currency Changes in Unit Labour Costs in Manufacturing

As discussed above, there are significant difficulties in providing simple empirical answers to the question of whether or not the *levels* of a country's costs and prices are competitive internationally. An alternative is to focus on how a country's competitiveness in international markets has been changing over time by examining *changes* in common currency unit labour costs.

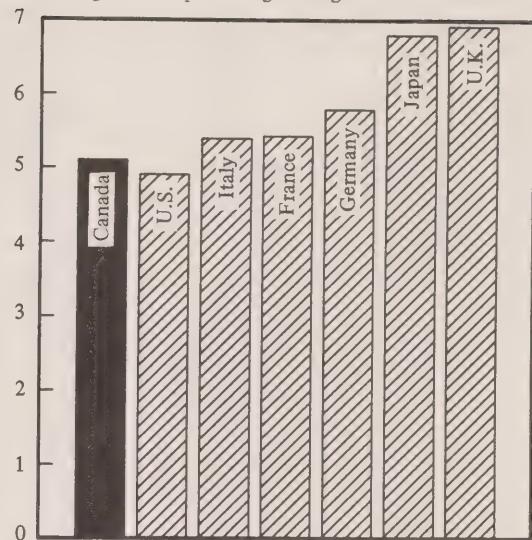
The usefulness of this indicator is that it shows the direction of change in a country's cost competitiveness in international markets regardless of the initial level of competitiveness. Furthermore, as long as the definitional differences among countries remain relatively unchanged over time, this measure can be a valuable indicator of the direction of change of relative costs.

A major problem in comparing *changes* in cost levels is that the choice of the base year in calculating such changes can influence the results. For example, measured over the

Chart 11.2

Unit Labour Costs, Common Currency (U.S. Dollars) 1970-85

average annual percentage change



1970-1985 period, all major OECD countries are shown as experiencing more rapidly rising manufacturing unit labour costs on a *common currency* basis than the U.S. (Chart 11.2). This analysis would lead one to conclude that the U.S. dollar was undervalued in 1985 relative to all major currencies, particularly in comparison to the Japanese yen and the British pound. In the light of the recent depreciation of the U.S. dollar against these currencies, it is hard to accept that the U.S. dollar was undervalued in 1985.

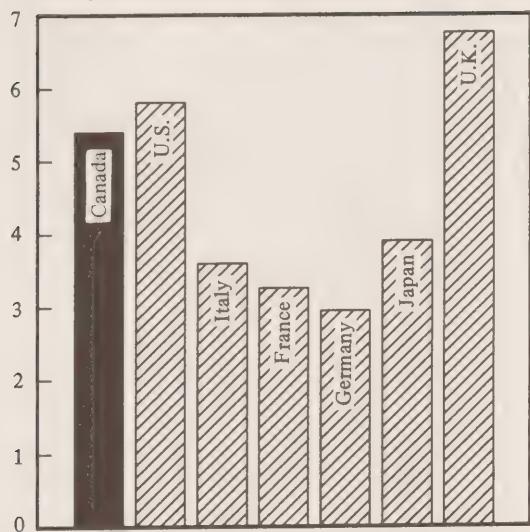
However, performing the same calculation over 1973 to 1985, relative country standings change drastically (Chart 11.3), due to the large depreciation of the U.S. dollar in the early 1970s after the U.S. government officially untied the U.S. dollar from gold in 1971. In this comparison, the U.S. had the most rapid rise in manufacturing unit labour costs on a common currency basis with the exception of the U.K.

Comparisons of changes in *common currency* unit labour cost are useful in that they indicate whether or not competitiveness is improving. This measure, however, does not indicate the source of the change; that is, it does not distinguish between domestic cost and exchange rate changes.

Chart 11.3

**Unit Labour Costs,
Common Currency
(U.S. Dollars) 1973-85**

average annual percentage change



Domestic Currency Changes in Unit Labour Costs

On a common currency basis, a change in competitiveness may occur either because of a change in domestic cost conditions or simply because of a change in the exchange rate. A country's competitiveness may seem to be improving even when its domestic costs are increasing more rapidly than those of its trading partners simply because the value of the country's currency is falling more rapidly than the relative increase in its costs. Alternatively, competitiveness may be improving in spite of an appreciation of the currency if domestic costs are increasing sufficiently less rapidly than those of its major competitors.

A comparison of *domestic currency cost changes* in combination with a comparison of common currency cost changes is also very useful in order to understand the mechanism by which a country's competitiveness is changing. Differences between the two indicate whether exchange rate or domestic cost changes have been the source of any change in competitiveness. If domestic costs are not competitive, a correction in this situation can occur either through a change in the exchange rate or a relative improvement in domestic costs.

Although a number of caveats must be borne in mind when analyzing competitiveness measures, it is nonetheless of interest to examine the available evidence. The next two sections review the Canadian historical experience compared to the major industrial countries by examining *changes* in unit labour costs on both a *common-currency* and a *domestic-currency* basis. In this way, it is possible to gain a better appreciation of the changes in Canada's competitive position and the factors underlying the changes.

2. Historical Perspective on Canada's Cost Competitiveness (1973-1982)

The period 1973 to 1982 saw many changes in relative competitive positions. Against a background of expanding world trade, all major OECD countries adopted flexible exchange rates. In addition, the period up to 1982 witnessed a significant outbreak of inflation as well as quite divergent movements in measured productivity and wage costs. In 1982, most Western industrial economies went through a substantial recession, a recession which had important impacts on their cost and price structures. The recession was particularly severe in Canada, which experienced an output decline that was the largest in its postwar history.

Charts 11.4 to 11.8 show changes in the various components and measures of competitiveness over the 10-year period of generally high inflation from 1973 to 1982 for the seven major OECD countries. In comparing changes in *domestic currency* unit labour cost over this period (Chart 11.4), Canada's performance was about average – better than Italy and the U.K., about the same as France but worse than our major trading partners, the United States and Japan, as well as Germany. This relative performance reflects the fact that, while increases in Canadian wage costs were less than the average over the 1973-1982 period (Chart 11.5), Canadian productivity growth was the lowest of the seven major OECD countries (Chart 11.6).

Canada's competitive position, measured in terms of a *common currency* (Chart 11.8), moved roughly in line with that of the U.S. over 1973-1982. While domestic costs rose more

Chart 11.4

**Unit Labour Costs,
Domestic Currencies – 1973-82**

average annual percentage change

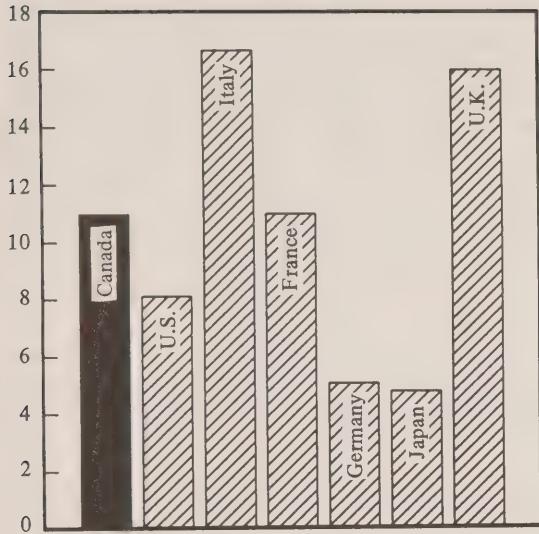


Chart 11.5

**Hourly Compensation,
Domestic Currencies – 1973-82**

average annual percentage change

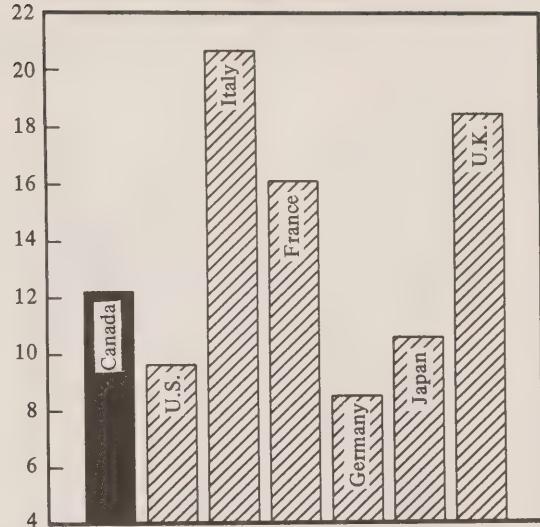


Chart 11.6

**Labour Productivity,
1973-82**

average annual percentage change

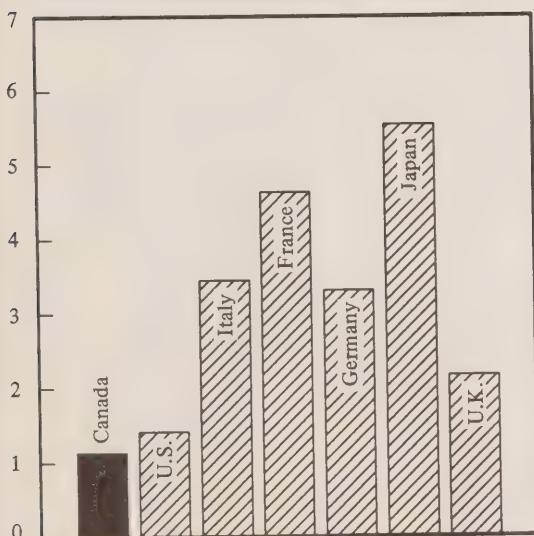


Chart 11.7

**Exchange Rates,
vis-à-vis the U.S. Dollar –
1973-82**

average annual percentage change

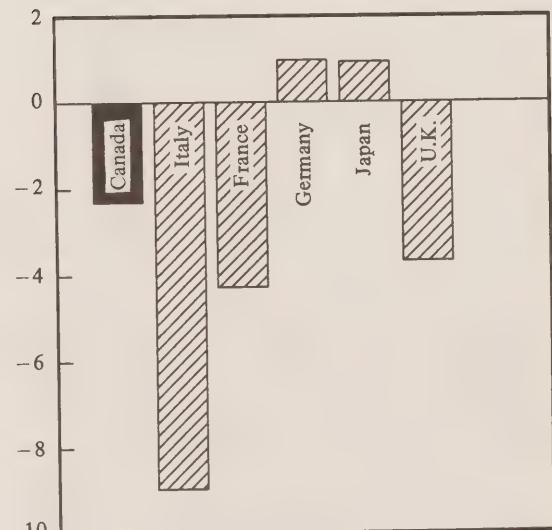
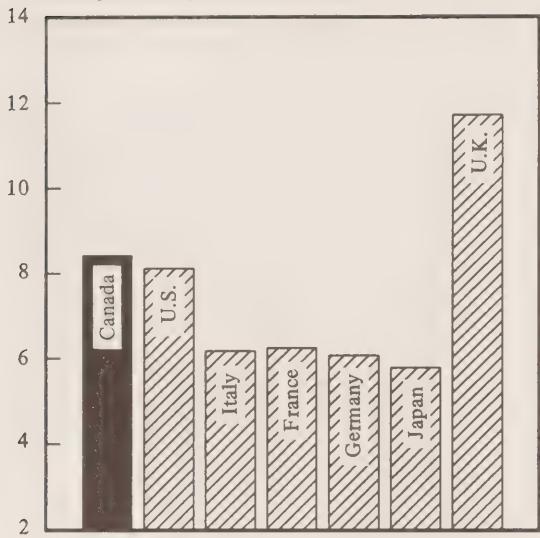


Chart 11.8

**Unit Labour Costs,
Common Currency
(U.S. Dollars) 1973-82**

average annual percentage change



rapidly in Canada than the U.S. over this period, this was largely offset by a substantial depreciation of the Canadian dollar against the U.S. dollar (Chart 11.7).

However, with the exception of the U.K., our performance was worse on this basis than the other major overseas industrial countries. This deterioration of our competitive position with overseas countries was due to either a larger currency depreciation against the U.S. dollar (Italy and France) or a generally better domestic cost performance (Japan and Germany).

3. Developments Since 1982

The recovery of the world economy from the severe 1981-1982 recession was characterized by a dramatic decrease in the rate of inflation as well as broadly based productivity gains across countries. In addition, there were very large currency swings which saw the Canadian and U.S. dollars rise significantly vis-à-vis overseas currencies up until March 1985. Since early 1985, there has been an equally dramatic realignment of world exchange rates with the overseas currencies moving back to positions similar to those in the early 1980s.

1982-1985

Charts 11.9 to 11.13 summarize developments covering the 1982-1985 period. During this period, average Canadian *domestic currency* labour cost increases (Chart 11.9) were among the lowest of the major OECD countries, with only Japan and the U.S. registering a better performance. The relatively superior Canadian performance during the last three years reflected the fact that among the major OECD countries Canada had one of the smallest increases in domestic currency wage costs (Chart 11.10) and a significant increase in productivity (Chart 11.11).

Canada's competitive position on a common-currency basis was substantially better than that of the United States over the 1982 to 1985 period (Chart 11.13).

The large appreciation of the Canadian and U.S. dollars against overseas currencies over this period resulted in a deterioration of Canada's competitiveness against all major overseas countries except Japan (Chart 11.12). It is important to note that the U.S. and Japan, two countries against which our competitive position improved, account for the lion's share of our trade (over 80% of merchandise trade).

Chart 11.9

**Unit Labour Costs,
Domestic Currencies – 1982-85**

average annual percentage change



Chart 11.10

**Hourly Compensation,
Domestic Currencies – 1982-85**

average annual percentage change

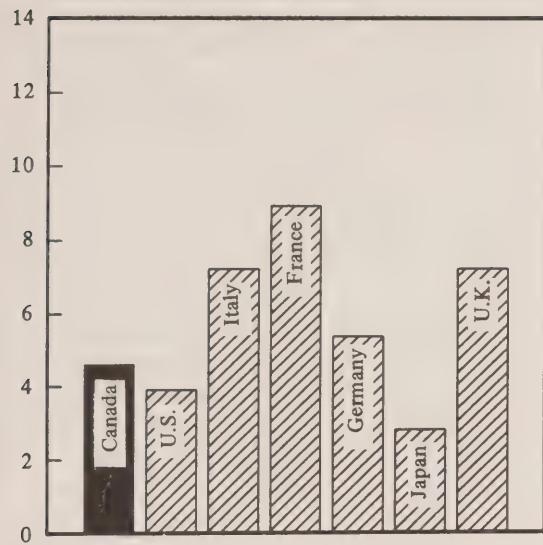


Chart 11.11

**Labour Productivity,
1982-85**

average annual percentage change

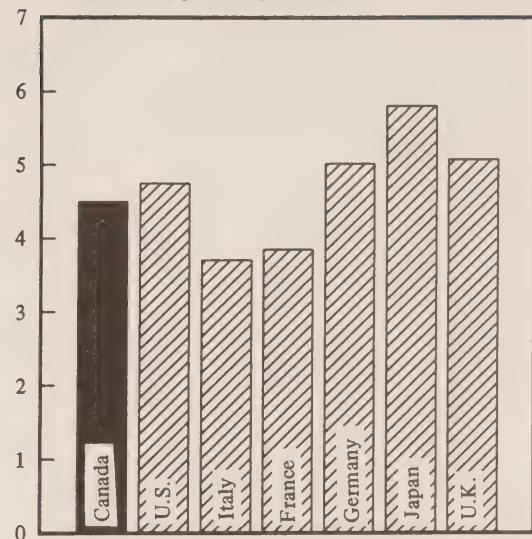


Chart 11.12

**Exchange Rates,
vis-à-vis the U.S. Dollar –
1982-85**

average annual percentage change

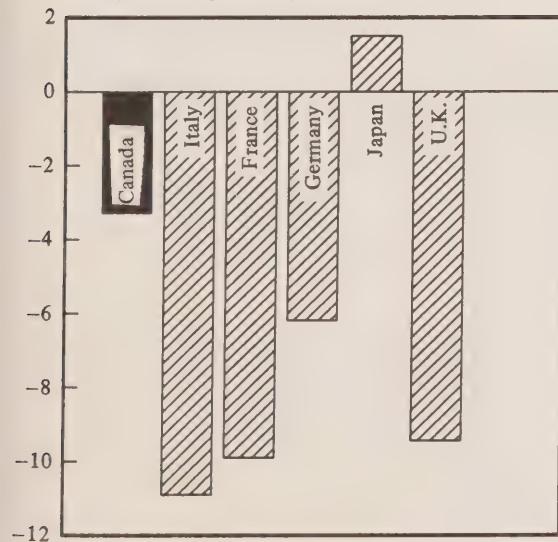
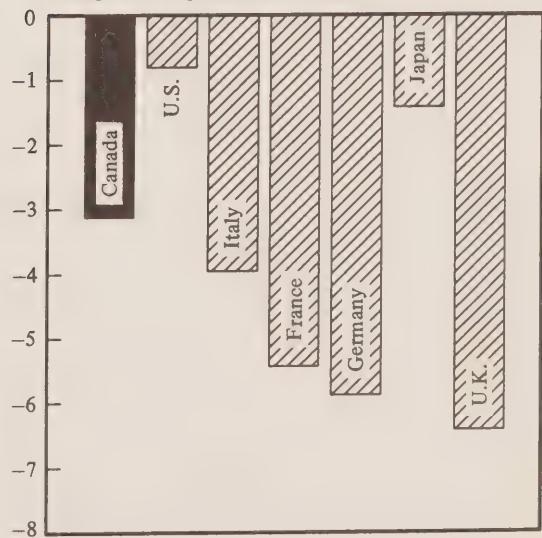


Chart 11.13

**Unit Labour Costs,
Common Currency
(U.S. Dollars) 1982-85**

average annual percentage change



Recent Developments

Since the first half of 1985, exchange markets have experienced huge realignments, with the North American currencies depreciating substantially against overseas currencies.

Although only preliminary data are available on international unit labour costs, because of these large exchange rate changes, it is useful to use this information to examine recent developments.

The data indicate that:

- Our competitiveness with the U.S. has remained approximately unchanged over the period with the moderately faster growth in our domestic currency unit labour costs being offset by a fall in the exchange rate.
- Canada's competitive position on a common-currency basis has improved significantly in relation to overseas countries due in large part to the substantial depreciation of the Canadian dollar vis-à-vis these currencies. On a domestic-currency basis, our competitive position has strengthened against Japan, the U.K. and France, is approximately the same as Germany's and has worsened against Italy.

4. Conclusions

- (1) This special report has described the strengths and weaknesses of three commonly employed measures of competitiveness – common currency cost levels, common currency cost changes and domestic currency cost changes. Practical difficulties limit the analysis to looking solely at unit labour costs in the manufacturing sector for each country. The difficulty of comparing *levels* leads to a comparison of *changes* in common currency labour costs in manufacturing (roughly comparable international data are largely limited to such a measure). Because changes in costs can occur either because of domestic currency cost changes or changes in the exchange rate, it is useful to examine both domestic currency and common currency cost changes.
- (2) From an historical perspective, Canada's competitive performance as measured by changes in relative unit labour costs over the 1973-1982 period, on a domestic currency basis, was about average compared to most major countries but worse than that of our major trading partner, the United States. On a common-currency basis, Canada's performance was about the

Table 11.1

Competitive Position in Manufacturing First Half 1986 vs. First Half 1985 (per cent change, year-over-year)

	Unit labour costs domestic currency	Exchange rate ⁽¹⁾ vis-à-vis U.S. dollars	Unit labour costs U.S. dollars
Canada	3.5	-2.4	1.1
U.S.	1.2	-	1.2
Japan	3.9	42.6	46.5
Germany	3.1	38.1	41.2
U.K.	7.7	24.3	32.0
France	4.9	34.9	39.8
Italy ⁽²⁾	2.8	26.5	29.3

(1) A positive number is an appreciation against the U.S. dollar.

(2) Based on first quarter 1986 over first quarter of 1985.

same as the U.S. but worse than the other major industrial countries with the exception of the U.K. Over this period, Canadian nominal wage gains were about at the average rate of increase of the major industrial countries, Canadian productivity growth was the lowest among the seven major OECD countries and the Canadian dollar depreciated substantially against the U.S. dollar.

- (3) Over the 1982-1985 period, Canada's performance on a domestic-currency basis was certainly above average although still not as good as in the United States or Japan. However, the depreciation of the Canadian dollar relative to the U.S. dollar and the Japanese yen produced an improvement in our competitive position relative to the United States and Japan, our principal trading partners. The better performance on a domestic currency cost basis relative to Italy, France, Germany and

the United Kingdom was not sufficient to offset the erosion in our competitive position relative to these countries resulting from the appreciation of the Canadian dollar relative to their currencies.

- (4) Dramatic currency realignments have occurred over the last 1 1/2 years against overseas currencies. Compared to the first half of 1985, Canada's current competitive position against the U.S. has remained approximately unchanged but has greatly improved against the other major industrial countries on a common-currency basis.
- (5) *Looking ahead*, Canada's relatively favourable performance in restraining the growth of domestic currency unit labour costs, in conjunction with recent exchange rate movements, indicates that Canada's competitive position has been considerably strengthened, particularly vis-à-vis overseas countries.

Sources of Data for the Charts in this Report

Chart 11.1

Manufacturing industries trade data (1970 SIC) for 1973-1980 are taken from *Manufacturing Trade and Measures (1966-1984)*, Department of Regional Industrial Expansion, 1985; data for 1981-1985 (1980 SIC) comes from *Manufacturing Trade and Measures (1981-1985)*, Department of Regional Industrial Expansion, 1986; total trade

data from *Quarterly Estimates of the Canadian Balance of International Payments*, Statistics Canada, cat. 67-001; 1986 total trade data are for the first three quarters of the year, seasonally adjusted.

Charts 11.2-11.13

Data from *International Comparisons of Manufacturing Productivity and Labour Costs*, U.S. Bureau of Labour Statistics, December, 1986.

91
EN
16

Quarterly Economic Review

March 1987

Canada

Quarterly Economic Review

March 1987



Department of Finance
Canada

Ministère des Finances
Canada

Table of Contents

MAP

1. The Economy in Brief	1
GDP growth slowed to 0.2% in the fourth quarter of 1986 as a result of an inventory decumulation, but domestic and export demand continued to increase briskly; for the year 1986 as a whole, real output growth was 3.1%.	
2. Personal Sector	5
While growth in real disposable income rebounded in the fourth quarter, real auto expenditure was down sharply. Other categories of consumer spending continued to grow at a healthy pace.	
3. Housing Sector	9
Housing starts exceeded 200,000 in February for the eighth consecutive month, buoyed by falling mortgage rates and strong consumer confidence.	
4. Business Non-Residential Investment	13
Non-residential investment rose in the fourth quarter due to an increase in oil and gas exploration and continued growth in machinery and equipment.	
5. Inventories	17
A downswing in inventory investment, culminating in a \$1.1 billion inventory investment decline in the fourth quarter, was the main reason for the weak growth in the second half.	
6. Government Sector	19
The federal deficit (CIEA basis) in 1986 averaged \$24.8 billion, down from \$32.3 billion in 1985; the consolidated deficit of other government levels and hospitals more than doubled due largely to the adverse impacts of lower international oil and grain prices.	
7. Foreign Trade and International Developments	21
The current account deficit widened in the fourth quarter because of a deterioration of the terms of trade and a worsening of the services account deficit.	
8. The Labour Market	25
The strong employment growth that marked the second half of 1986 continued in January and February.	
9. Price and Wage Sector	29
Consumer prices rose 3.9% on a year-over-year basis in January after increasing 4.1% on average in 1986.	
10. Financial Sector	31
The Canadian dollar surged early in 1987, facilitating substantial declines in interest rates to around nine-year lows.	
Special Report	
11. A Review of Financial Developments in the Canadian Non-Financial Corporate Sector in the 1980s	37
An examination of financial developments that have affected the corporate sector in the 1980s, and a comparison of recent Canadian developments with those in the U.S.	

1. The Economy in Brief

Highlights of Recent Developments

- Real growth slowed to 0.2% in the fourth quarter of 1986 from 0.8% in the third quarter. Healthy growth in both domestic and export demand was offset by a large reduction in inventory investment.
- Despite an inventory-induced slowdown in growth in the second half of the year, real economic activity expanded by 3.1% in 1986.
- The sharp decline in international energy and wheat prices in 1986, coupled with strong domestic demand for imports, resulted in a sharp rise in the current account deficit from \$0.6 billion in 1985 to \$8.8 billion in 1986.
- Employment rose by 2.9% last year, the largest annual rate of increase since 1980. There were 205,000 jobs created over the course of 1986.
- Since the beginning of 1987, the dollar has appreciated against the U.S. currency, interest rates have dropped sharply, inflation has eased and employment growth has continued strongly.

Summary

The Canadian economy grew at a rate of 3.1% in 1986, despite a significant slowdown in the second half of the year due to large inventory adjustments. This was the fourth year of recovery with growth above 3%, and placed Canada as the fastest growing economy among the major OECD countries in 1986.

The pattern of economic growth throughout 1986 was influenced principally by the impacts of large declines in oil and grain prices and by swings in total inventory investment. The strong pace of economic activity during the first half of 1986 was due mainly to a rapid buildup of inventories which more than offset the decline in net exports and weak final domestic demand (due to energy-related investment declines). In the second half, inventory investment fell, with a \$1.1 billion decumulation in the fourth quarter, while both final domestic demand and net exports picked up strongly.

Real growth in the fourth quarter of 1986 averaged 0.2% following a 0.8% advance in the third quarter. Weakness in the second half of last year was due largely to a significant reduction in inventory investment from the

unsustainable pace in the first half of the year. Consumer demand remained relatively strong and the merchandise trade balance improved significantly. The current low levels of interest rates, the healthy financial positions of

Chart 1.1
Employment Since January 1986



Chart 1.2

Components of Demand

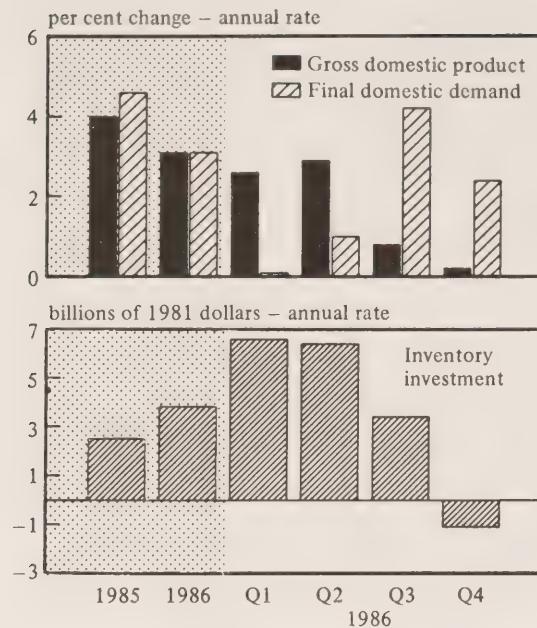
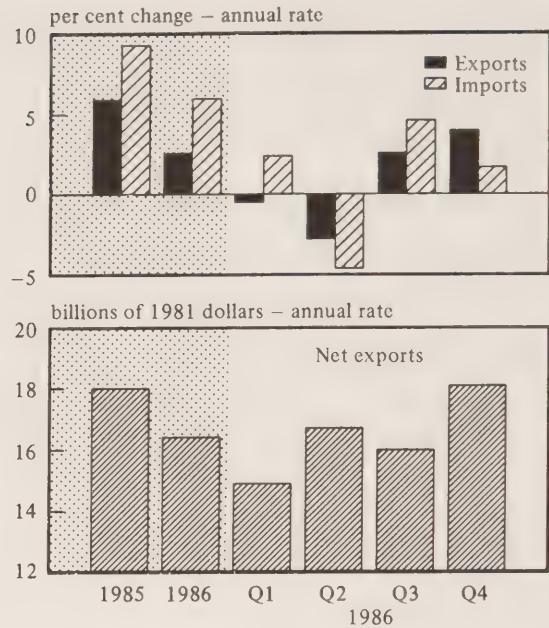


Chart 1.3

The Real Trade Balance



Main Economic Indicators

	1985				1986			
	1985	1986	Q3	Q4	Q1	Q2	Q3	Q4
Real output and demand (1981 dollars)								
GDP	(%, a.r.)	4.0	3.1	3.1	7.3	2.6	2.9	0.8
Final domestic demand	(%, a.r.)	4.6	3.1	7.5	5.3	0.1	1.0	4.2
Consumption	(%, a.r.)	5.0	4.0	7.4	4.5	0.7	4.8	6.6
Business capital formation	(%, a.r.)	6.6	3.6	17.1	7.6	0.2	-8.1	1.6
Residential construction	(%, a.r.)	12.6	13.2	35.5	34.5	-10.8	8.0	20.5
Non-residential construction	(%, a.r.)	3.7	-7.7	-6.2	-15.5	15.9	-30.5	-23.5
Machinery and equipment	(%, a.r.)	4.5	5.4	27.2	8.9	-1.8	0.6	8.2
Inventory investment	(\$b, a.r.)	2.5	3.8	4.0	1.3	6.6	6.4	3.4
Business non-farm	(\$b, a.r.)	2.0	2.2	3.8	1.4	4.4	3.8	1.3
Trade balance	(\$b, a.r.)	18.0	16.4	13.5	17.4	14.9	16.7	16.0
Current account balance	(\$b, current, a.r.)	-0.6	-8.8	-4.5	-3.6	-10.8	-7.6	-7.8
Costs and prices								
GDP price inflation	(%, Y/Y)	3.4	2.8	4.1	3.9	3.3	2.6	2.4
Consumer Price Index	(%, Y/Y)	4.0	4.1	4.0	4.2	4.2	3.9	4.2
CPI - energy	(%, Y/Y)	5.6	-7.1	4.7	5.3	2.4	-8.2	-9.7
Excluding food and energy	(%, Y/Y)	4.0	5.3	4.2	4.4	4.7	5.4	5.4
Change in unit labour costs	(%, Y/Y)	3.1	2.5	3.7	2.7	2.7	2.1	1.9
Labour Market								
Unemployment rate	(%)	10.5	9.6	10.2	10.1	9.7	9.6	9.7
Change in employment	(%)	2.8	2.9	0.6	1.0	1.2	0.2	-0.3
Financial Developments								
Exchange rate (closing)	(U.S. cents)	71.52	72.44	72.77	71.52	71.64	72.34	72.07
Prime interest rate	(%)	10.58	10.52	10.33	10.00	12.00	10.58	9.75
1-Year mortgage rate	(%)	10.31	10.15	10.00	9.83	11.17	9.92	9.75

consumers and businesses, stable inflation and Canada's improved competitive position all suggest that the economy is well poised for continued growth in 1987.

For the year 1986 as a whole, employment was up 2.9%, the strongest annual rate of increase since 1980. Employment growth strengthened steadily after July in line with the rebound in growth in final domestic demand and export sales. The level of employment rose by 221,000 between July and February (Chart 1.1).

Canada's current account balance in 1986 was significantly affected by sharp declines in international prices for oil and gas and grains, and continuing weakness in other primary product prices. For the year, the current account deficit increased to \$8.8 billion from \$0.6 billion in 1985, with Canada registering a 3.4% decline in its terms of trade. In volume terms, however, the second half of 1986 witnessed a sharp pick-up in real merchandise exports after declines over the first six months of the year, and the real merchandise trade surplus improved significantly in the fourth quarter of 1986.

Final Domestic Demand Shows Healthy Growth

After increasing strongly in the third quarter, growth in final domestic demand slowed in the fourth quarter but still maintained a healthy pace (Chart 1.2). Growth in consumer demand was down noticeably after two quarters of large increases, mainly due to a decline in auto-related expenditures. Business capital investment rose briskly after sluggish growth over the previous three quarters, led by a rebound in non-residential construction that was concentrated in higher exploration and development in the petroleum sector. Residential investment again rose sharply in the fourth quarter. Housing starts averaged 212,000 units in the second half of 1986, the first time housing starts have remained above 200,000 for six consecutive months since 1978, and have remained substantially above 200,000 units through February of this year.

More Balanced Inventory Situation at Year End

Inventories were very volatile in 1986. After a large increase in the first quarter of the year,

non-farm inventory investment decreased in the second and third quarters, culminating in a decumulation in the last quarter of the year. At year end, the ratio of non-farm inventories to sales had returned to its 1983-1985 average level.

Merchandise Trade Surplus Up Sharply

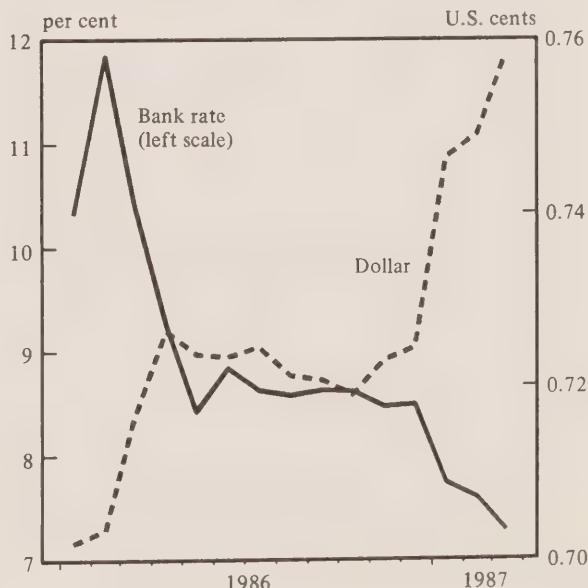
The merchandise trade balance improved substantially in the fourth quarter as exports increased strongly for the second consecutive quarter while growth in imports slowed considerably (Chart 1.3). Shipments of grain and motor vehicles were the main contributors to the export growth. The improvement in the merchandise trade balance was actually less marked in nominal than real terms in the fourth quarter as Canada's terms of trade worsened in the face of continuing weakness in commodity prices. Despite the improved merchandise trade situation, the current account balance deteriorated in the fourth quarter, in part owing to the reappearance of a deficit on travel transactions following the end of Expo 86.

Investment Intentions Up for 1987

The recently released Private and Public Investment Intentions (PPI) survey by Statistics

Chart 1.4

Movements in the Bank Rate and the Canadian Dollar



Last data plotted March 12.

Canada suggests that the value of business non-residential investment spending is expected to increase by 4.3% in 1987, or about 1.5% in real terms. This follows a real decline of 0.8% in 1986. Non-energy investment is expected to rise by 6.2% (or about 3.5% in real terms), but will be partially offset by anticipated further declines in energy investment. Investment growth is expected to be more evenly spread among industries than in 1986.

The Dollar Strengthens and Interest Rates Drop

The Canadian dollar has climbed steadily since December. This strength is attributed by many to the interest rate gap between Canada and the U.S., an expectation of a firming of commodity prices, particularly oil, and the continued decline in the federal government deficit. The strength of the Canadian dollar has permitted considerable declines in Canadian interest rates (Chart 1.4). The Bank Rate has fallen by 1.2 percentage points since the beginning of the year and is now at its lowest level since 1974. The prime rate, at 8.75%, and mortgage interest rates are at their lowest levels since 1978.

Foreign Purchases of Canadian Bonds at Record Levels

Net foreign purchases of Canadian bonds doubled in 1986. Purchases by Japanese investors in particular soared, accounting for 40% of total purchases over the year, and purchases by other overseas countries increased strongly, while net purchases by U.S. investors decreased slightly. Factors accounting for this large capital inflow include attractive yields on Canadian securities, the relative strength of the Canadian economy compared to the other major industrial countries and large current account surpluses in Japan and elsewhere that are being reinvested internationally.

Inflation Stable in the Quarter, Drops in January

Consumer prices rose 4.3% on average in the fourth quarter on a year-over-year basis. For 1986 as a whole, the CPI was up 4.1%, the third year of price level increases around 4%. Although energy price declines put downward

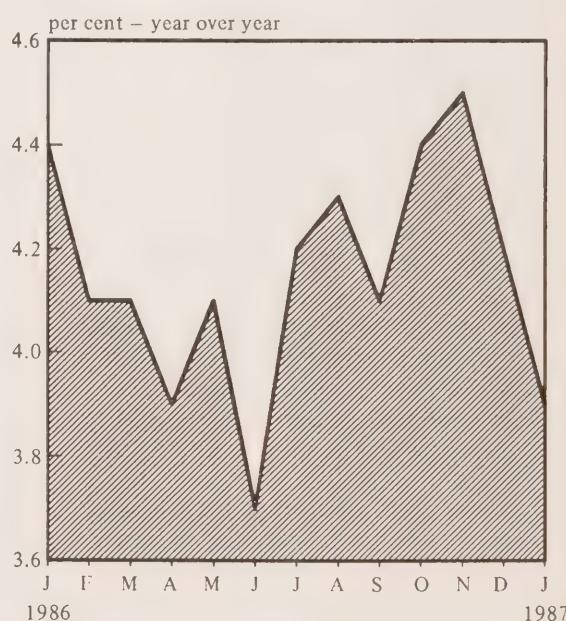
pressure on the CPI through the year, increases in food prices, indirect taxes, and housing costs and the decline in the value of the Canadian dollar against overseas currencies put upward pressure on the CPI (Chart 1.5). In January of this year, the year-over-year increase in the CPI dropped to 3.9% from 4.2% in December.

Strong Employment Growth in 1986

Employment increased by 2.9% in 1986. The labour force increased 1.8%, with increased participation, especially from adult women as the main factor underlying this growth. The unemployment rate averaged 9.6% in 1986, down from 10.5% in 1985. While employment growth was strong in 1986, it was not evenly spread through the year. Employment declined slightly between January and July, in response to weak final domestic demand growth, but rebounded in the second half of the year in line with strengthening domestic demand. This strong pace of employment growth continued in January and February, but a pick-up in labour force growth left the unemployment rate at 9.6% in February.

Chart 1.5

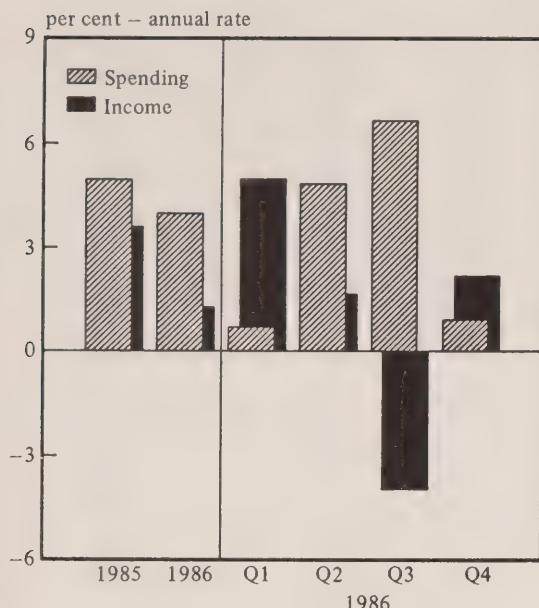
CPI Inflation in Canada



2. Personal Sector

Chart 2.1

Change in Real Consumer Spending and Real Disposable Income

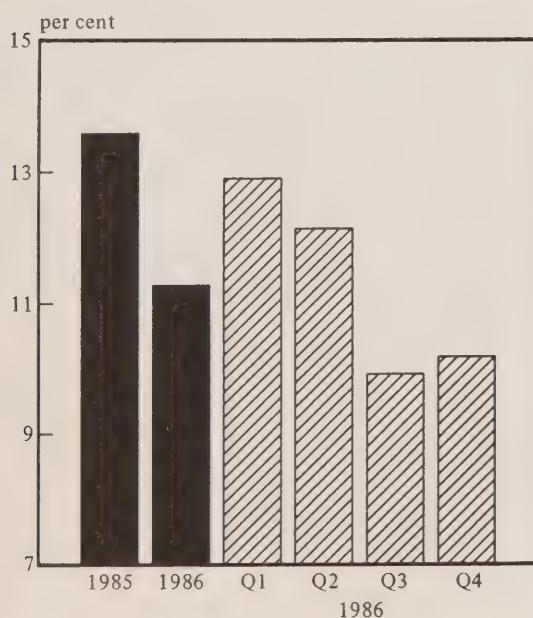


Despite a rebound in real personal disposable income, real consumer expenditure slowed substantially in the fourth quarter (Chart 2.1), due largely to the timing of auto expenditures. For the second half of the year, consumer purchases of autos were concentrated in the third quarter in response to extensive rebates and reduced-rate financing schemes that “pulled forward” future auto expenditures.

For 1986 as a whole, consumer spending increased by 4.0% after advancing by 5.0% in 1985. Real personal disposable income grew by 1.3% in 1986.

Chart 2.2

The Personal Savings Rate



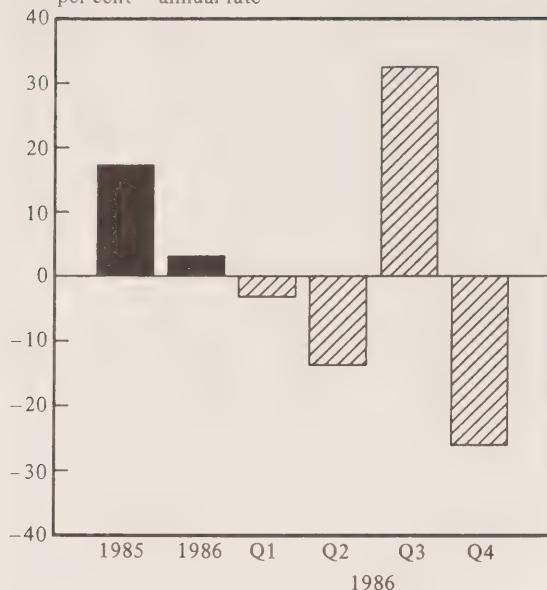
As a result of the rebound in income and slower consumer expenditure growth in the fourth quarter, the personal savings rate rose to 10.2% from 9.9% in the third quarter (Chart 2.2).

For 1986, the personal savings rate was 11.3%, its lowest annual level since 1977 and 2.3 percentage points below its 1985 level. Consumers thus exhibited a willingness to finance increased spending by reducing savings as a share of income, reflecting both lower interest rates and strengthening consumer confidence. Quarterly variations in the savings rate were largely influenced by variations in the sales of durable goods – especially cars – and fluctuations in farm income.

Chart 2.3

Change in Real Consumer Spending on Autos

per cent – annual rate



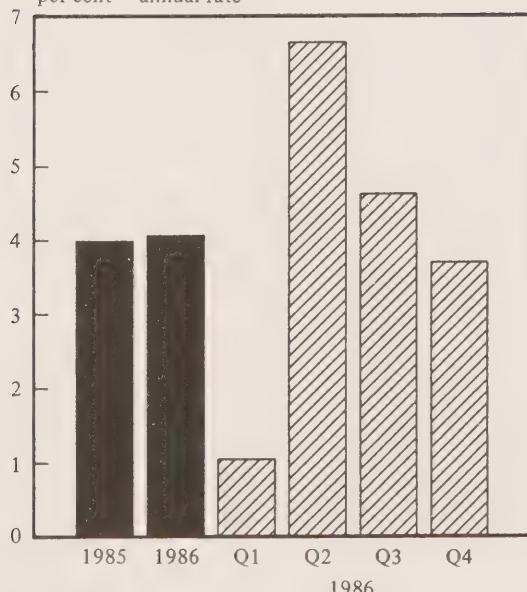
Unit sales of new passenger cars declined sharply in the fourth quarter as previous sales promotions had advanced purchases into the third quarter. As a result, constant dollar personal auto-related spending dropped sharply in the fourth quarter (Chart 2.3).

Unit car sales were some 4% lower in 1986 than in 1985, but remained above 1 million units for a second consecutive year. For the year as a whole, growth in real auto-related expenditures dropped to 3.1%.

Chart 2.4

Change in Real Consumer Spending Excluding Autos

per cent – annual rate



Total consumer spending in real terms excluding autos continued to advance strongly in the fourth quarter, although at a slower pace than in the previous two quarters (Chart 2.4). Expenditures on non-auto durables, semi-durables, and services continued to grow, but a small decline in spending on non-durables moderated the growth of "non-auto" consumer spending.

Consumer spending on furniture and appliances continued to show large increases in the fourth quarter. This is the result of strong housing investment in the last few quarters.

Chart 2.5

Change in Nominal Personal Income

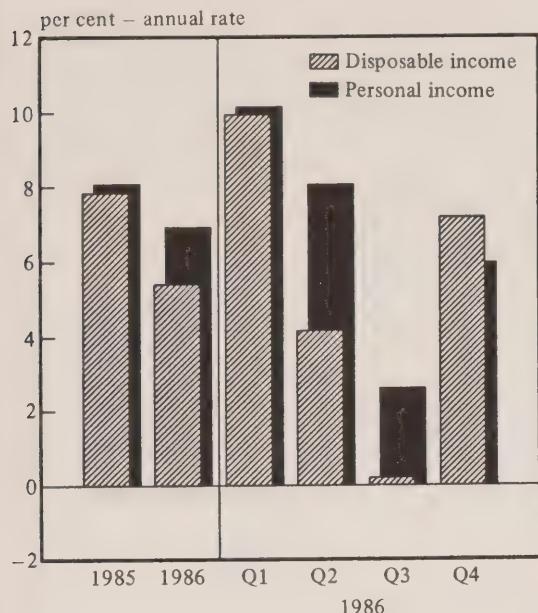
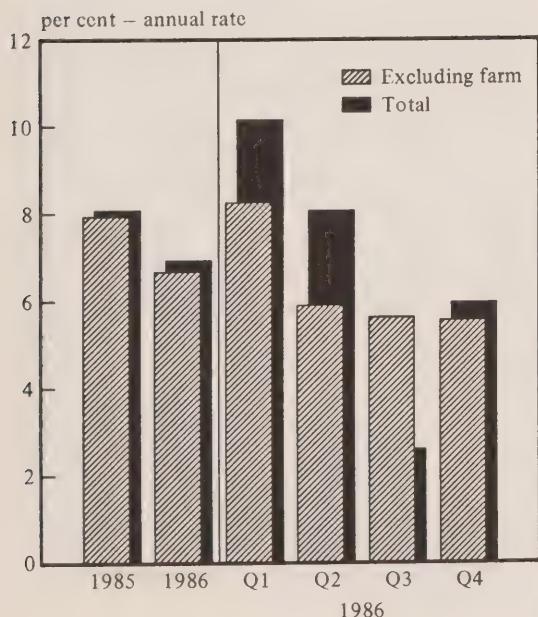


Chart 2.6

Change in Personal Income Excluding Farm Income



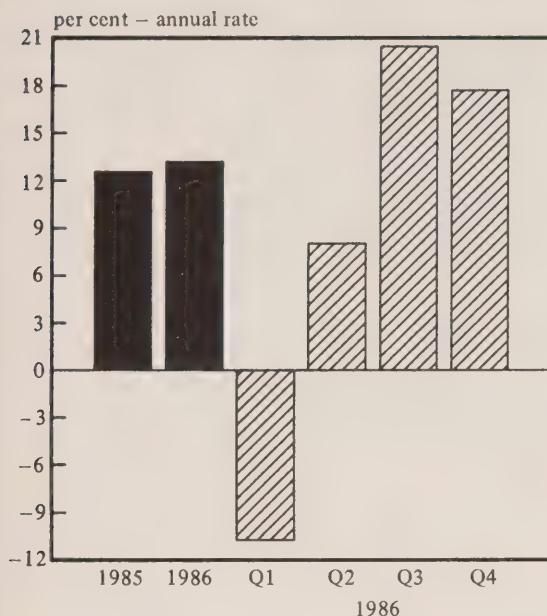
Personal income advanced more strongly in the fourth quarter than in the third, largely reflecting increased government transfers to persons and a rebound in farm income (Chart 2.5). Strong growth in farm income in the fourth quarter reflected the final payment under the Western Grain Stabilization Program. Personal disposable income increased more strongly than personal income in the fourth quarter, as the first advance payment of the child tax credit was made by the federal government.

While quarterly variations in spending on durables – especially cars – were partly responsible for the recent wide swings in the personal savings rate, the quarterly movements in measured net farm income were also important in 1986. Subsidy payments to farm operators tend to be concentrated in certain quarters. Because farm income from production is estimated on an annual basis by Statistics Canada and distributed equally throughout the year, the timing of these subsidy payments causes Statistics Canada's measures of total farm income to vary substantially from quarter to quarter (Chart 2.6).

3. Housing Sector

Chart 3.1

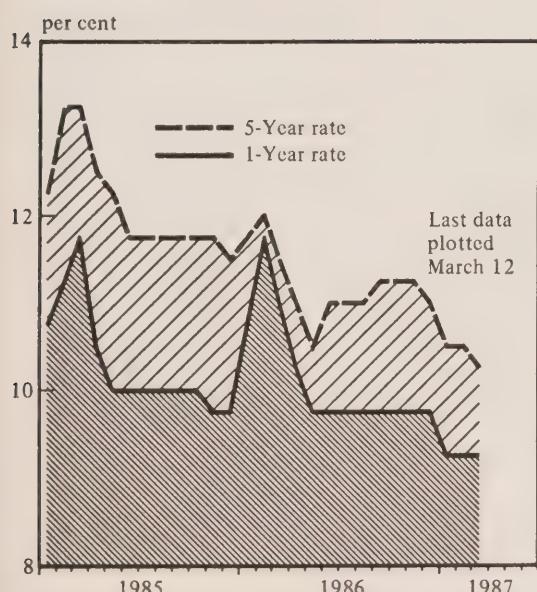
Change in Real Residential Investment



Total residential investment in real terms continued to be a major source of strength in the fourth quarter, increasing 17.7% (Chart 3.1).

Chart 3.2

Mortgage Rates



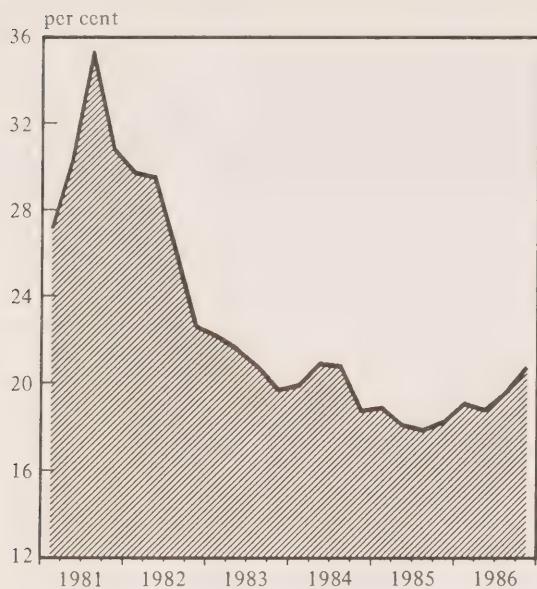
Mortgage rates remained well below previous peaks in the fourth quarter and declined further in early 1987 (Chart 3.2).

Activity in the housing market has also been encouraged by several institutional developments designed to enhance the flexibility of financing the purchase of a home. Households taking out or renewing mortgages now can select:

- (i) maturities from six months to ten years,
- (ii) fixed or variable rates, (iii) 'open' or 'closed' mortgages, and (iv) payment patterns that correspond more closely with their income flows.

Chart 3.3

Mortgage Payments on a Newly Purchased Home as a Share of Household Disposable Income*

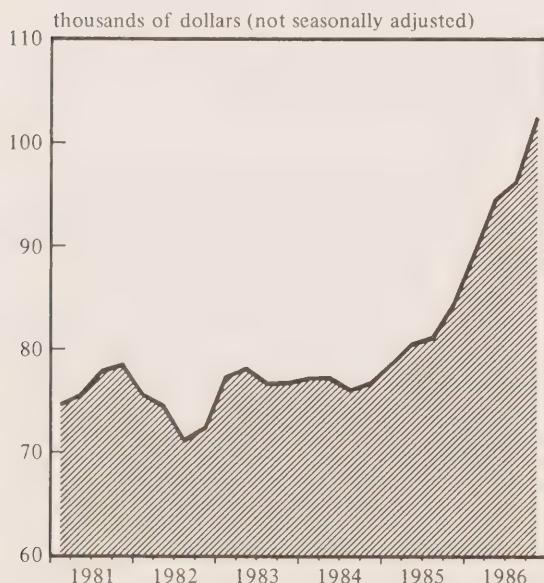


*Based on Department of Finance estimates of quarterly occupied housing units.

The drop in mortgage rates and the increase in personal income over the last few years have significantly lowered the average share of mortgage payments in household budgets (Chart 3.3). Although substantial house price increases through 1986 have led to some deterioration in this measure, it remains well below previous peaks.

Chart 3.4

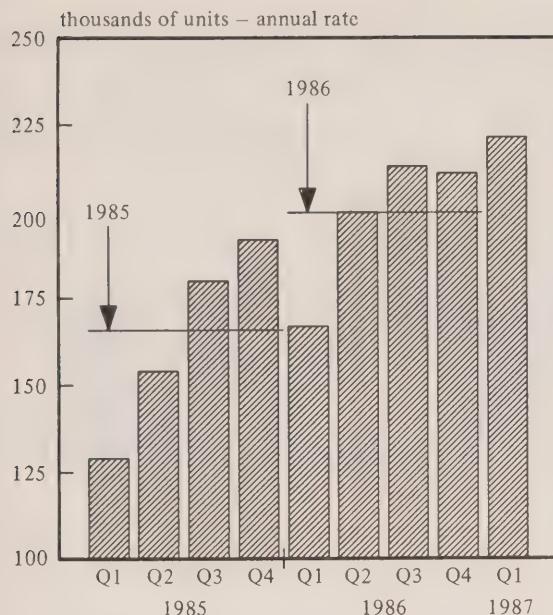
Multiple Listings Service (MLS) Average House Price



The average Multiple Listings Service (MLS) price of a residential unit exceeded \$102,000 in the fourth quarter, up over 20% from a year earlier (Chart 3.4). These price increases, resulting from strong demand and a limited availability of single family units, have given a strong boost to housing starts.

Chart 3.5

Housing Starts

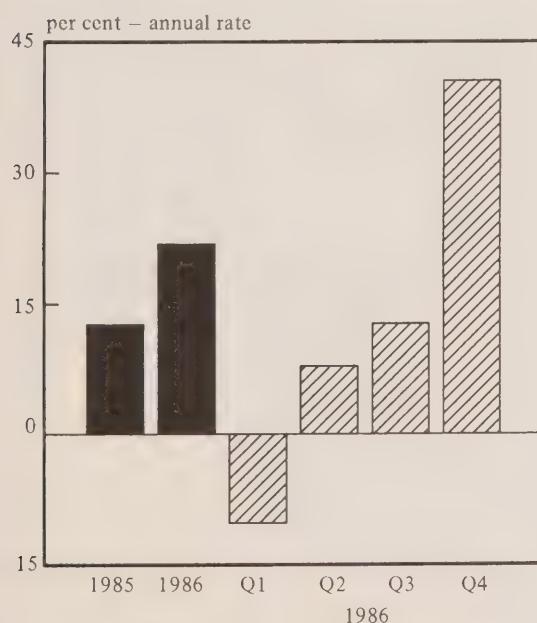


1987Q1 is average of January and February.

With the strong demand and rising prices, housing starts totalled 199,785 units in 1986 and exceeded 200,000 units (annual rate) in the third and fourth quarters (Chart 3.5) compared to total housing starts of 165,826 in 1985. In January 1987, starts continued at a very high level of over 230,000 units before easing to just under 210,000 units in February.

Chart 3.6

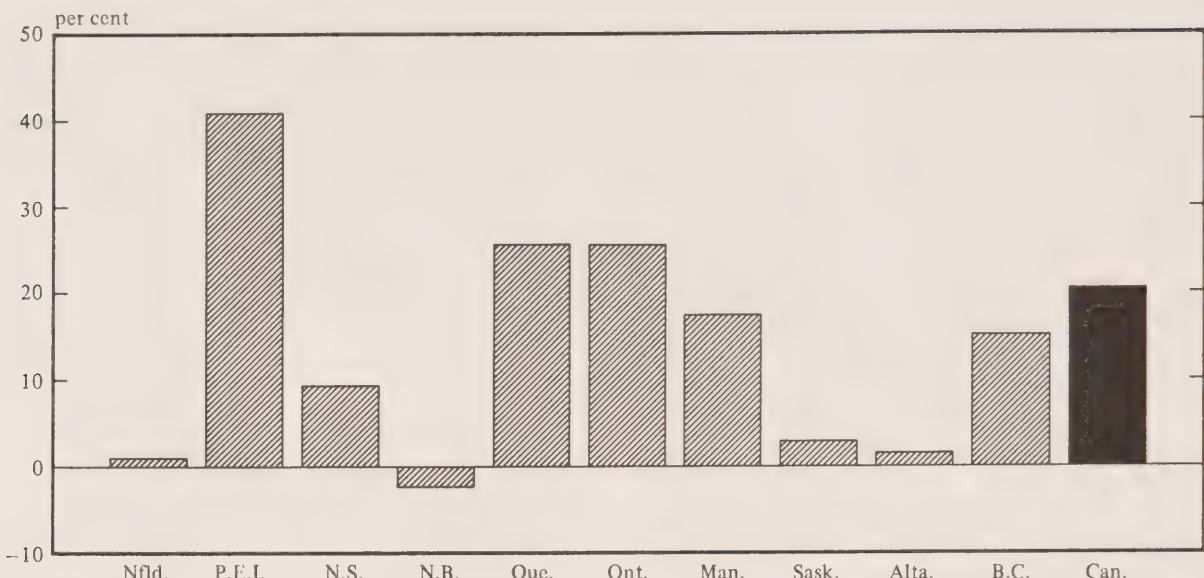
Change in New House Investment in Constant Dollars



The rise in housing starts produced a very strong increase in the new house component of residential investment in the fourth quarter of 1986 (Chart 3.6). As a share of total residential investment, new house construction has increased to almost 52% in 1986 from 48% in 1985.

Chart 3.7

Change in Housing Starts by Province in 1986



Housing starts increased 20.5% in 1986. This robust housing sector performance reflected declining mortgage rates, strong consumer confidence and "demographic pressures".

- The strength in housing starts in 1986 was regionally widespread, as in 1985, with increases in nine of ten provinces (Chart 3.7). Growth in starts was particularly strong in Prince Edward Island, Quebec and Ontario due to healthy employment growth and low vacancy rates.
- Demographic considerations have been a factor in the recent increase in single unit

housing starts. In the early 1970s, "baby-boomers" were entering the labour force and so the demand for rental accommodations dominated. In the 1980s, that generation has reached an age that favours ownership and so demand has swung back towards single units.

- Single starts in Canada accounted for about 60% of total housing starts for the fourth consecutive year. This was significantly higher than the annual average of 48% from 1970 to 1982.

4. Business Non-Residential Investment

Chart 4.1

Change in Real Business Non-Residential Investment

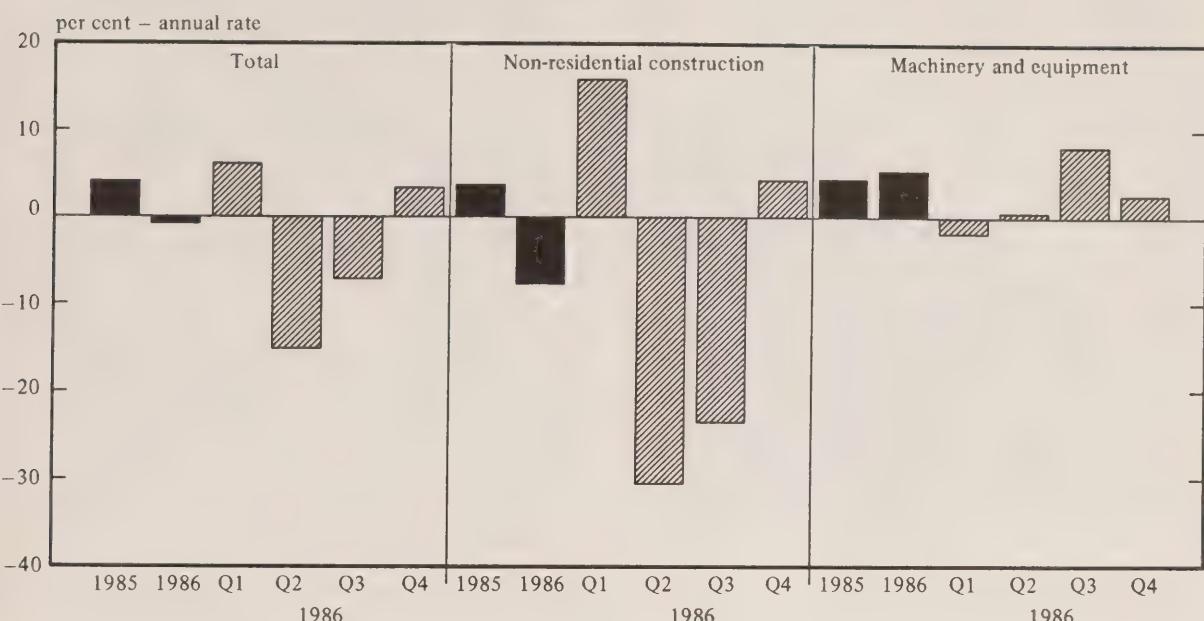
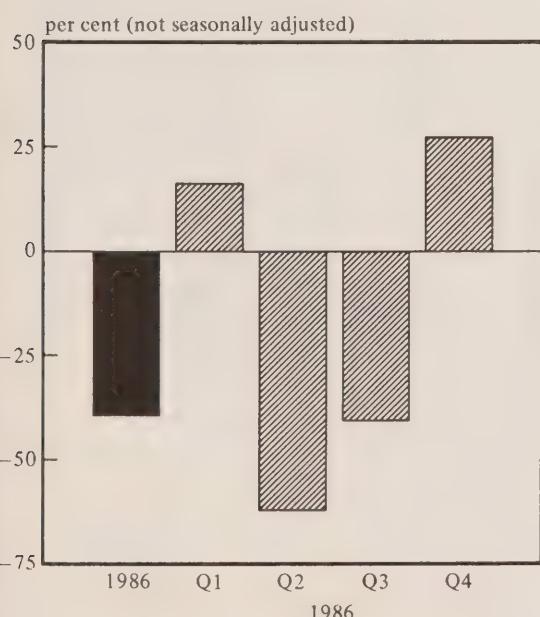


Chart 4.2

Change in Canadian Oil and Gas Drilling (metres drilled)

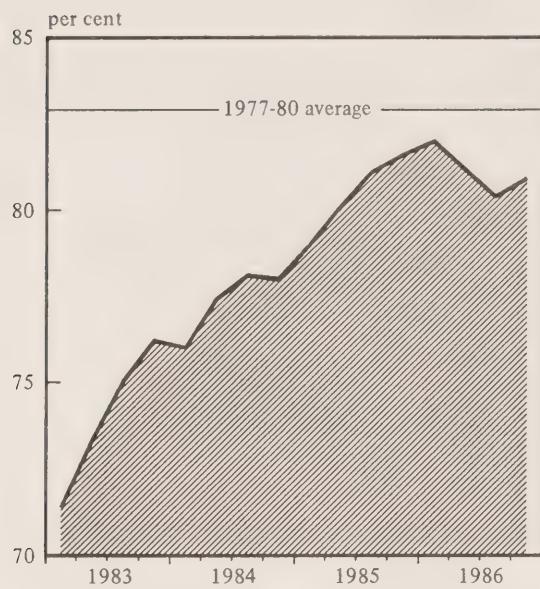


Real non-residential business fixed investment fell 0.8% in 1986 as a 7.7% decline in non-residential construction was only partially offset by a 5.4% increase in machinery and equipment investment (Chart 4.1). Dramatic changes in oil and gas investment in the year dominated the movements in non-residential construction. Machinery and equipment investment last year largely reflected the relatively strong growth of investment outside the petroleum sector, particularly in manufacturing.

Investment in the oil and gas sector fell sharply in 1986 in response to the decline in the international price of oil (Chart 4.2). In the fourth quarter, there was a substantial increase in oil and gas drilling which boosted non-residential investment spending, as petroleum companies took advantage of Alberta government incentives that expired at the end of the year.

Chart 4.3

Goods Sector Capacity Utilization Rate (Bank of Canada Measure)

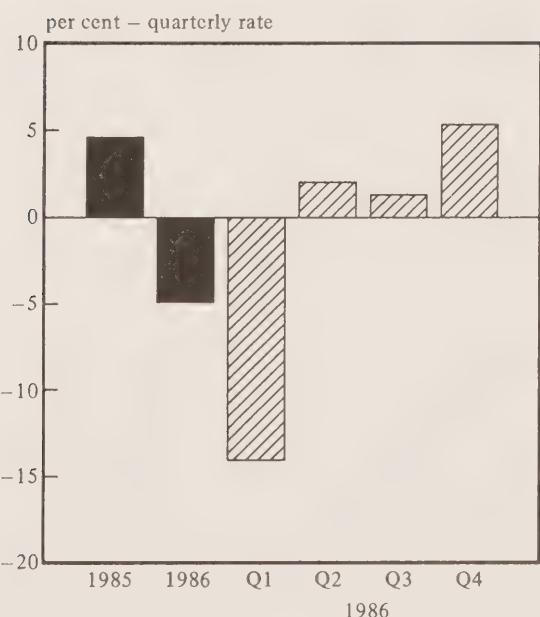


Capacity utilization in the goods-producing industries declined in the second and third quarters of 1986. This downturn largely reflected decreased utilization rates in durables manufacturing, due to rapid investment growth and a slowdown in output growth in the first half of the year in this sector; and decreased utilization rates in energy-related industries which were substantially affected by the decline in oil prices in 1986.

In the fourth quarter, capacity utilization rates improved in response to widespread gains in goods-producing industry output. The capacity utilization rate increased by 2.0% in construction, 1.5% in mining and 0.4% in manufacturing where the largest increase was in the primary metal industry.

Chart 4.4

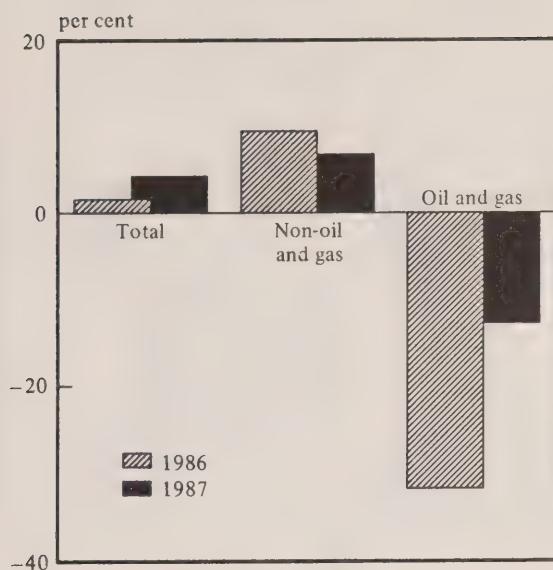
Change in Corporate Profits Before Taxes



Total corporate profits before taxes declined 4.9% in 1986 due primarily to a drop in the profits of the petroleum sector as a result of the sharp decline in world oil prices. Industrial corporation statistics indicate that the oil and gas sector profits declined by \$7.3 billion (or 69%) in 1986, which was more than three times the overall decline in corporate profits. Outside the petroleum sector, profits continued to grow, with particular strength occurring in the financial sector, and this resulted in positive growth in total profits over the last three quarters of 1986.

Chart 4.5

Change in Nominal Business Investment Intentions



Statistics Canada's most recent Private and Public Investment (PPI) survey indicates that business nominal investment is expected to increase 4.3% in 1987. This implies real growth in business non-residential investment spending of about 1.5%, a sizeable turnaround from the decline of 0.8% in real terms in 1986.

The PPI survey also indicates that investment growth is expected to be more evenly spread among industries in 1987 than in 1986 (Chart 4.6). Nominal non-energy investment is expected to be up 6.2% in 1987, with trade, finance, insurance and real estate, utilities and manufacturing investment anticipated to grow between 8 and 11%. However, this will be partially offset by continued investment declines in the oil and gas industry of 12.8% (Chart 4.5).

Chart 4.6

Change in Nominal Business Investment Intentions by Sector

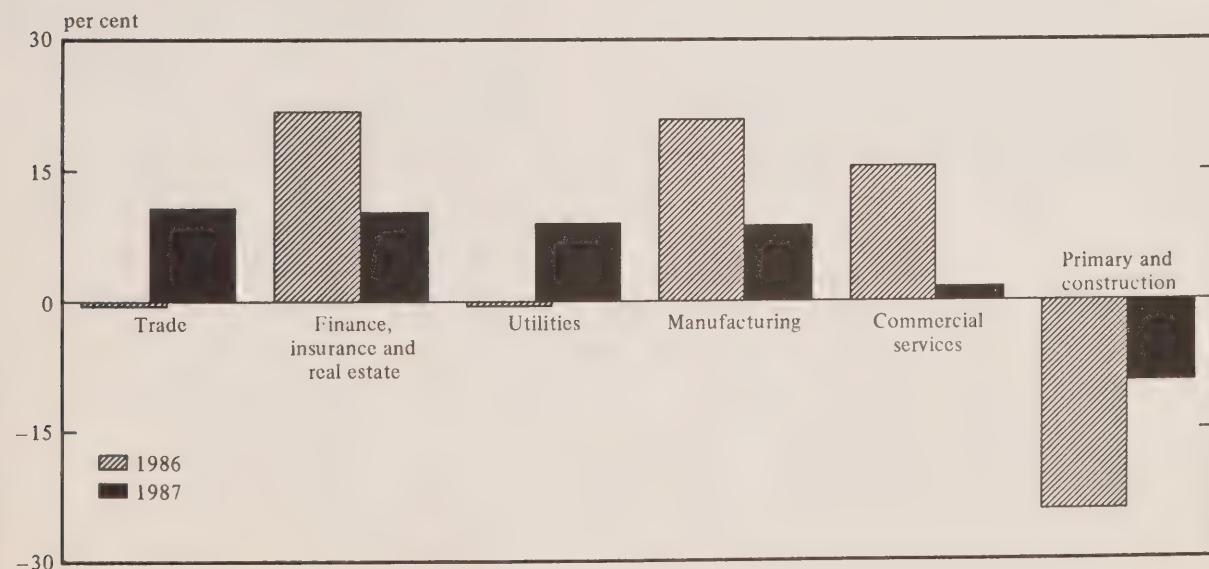
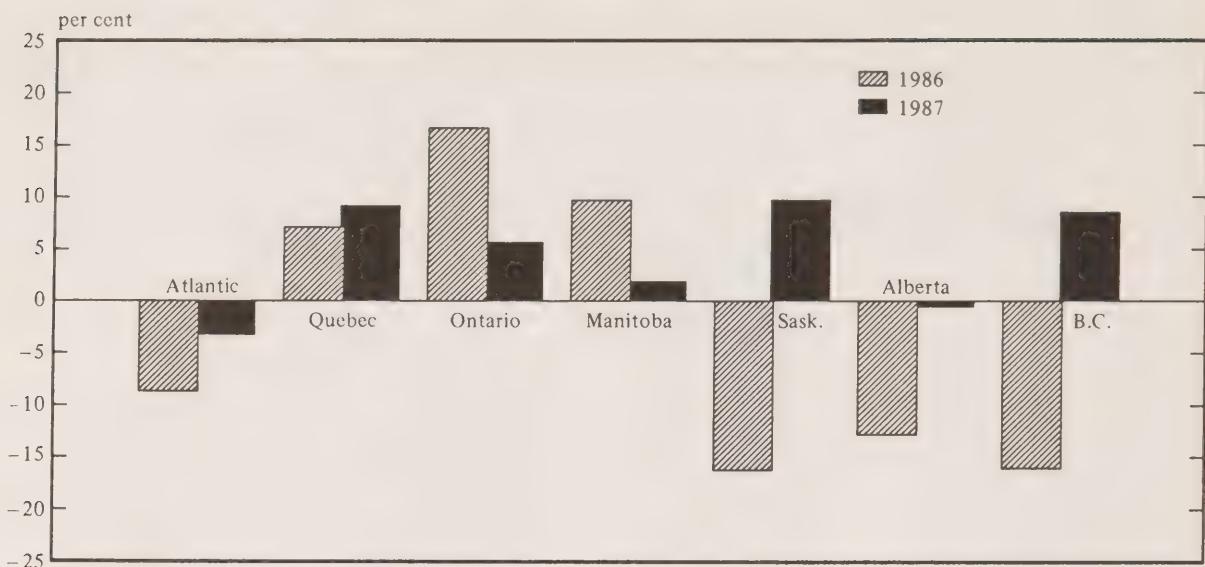


Chart 4.7

Change in Nominal Business Investment Intentions by Region



The PPI survey also suggests that growth in business investment spending will be more evenly distributed among regions in 1987 than in 1986.

- In 1986, investment growth was concentrated largely in Central Canada reflecting strong growth in manufacturing and commercial investment, while regions heavily dependent on resource industries had investment declines.
- In 1987, positive investment spending is expected in all regions except the Atlantic and Alberta, and these areas are anticipated to do substantially better than in 1986. Weak

investment spending intentions in Alberta and the Atlantic continue to reflect the impact of reduced oil and gas investment as a result of lower world oil prices.

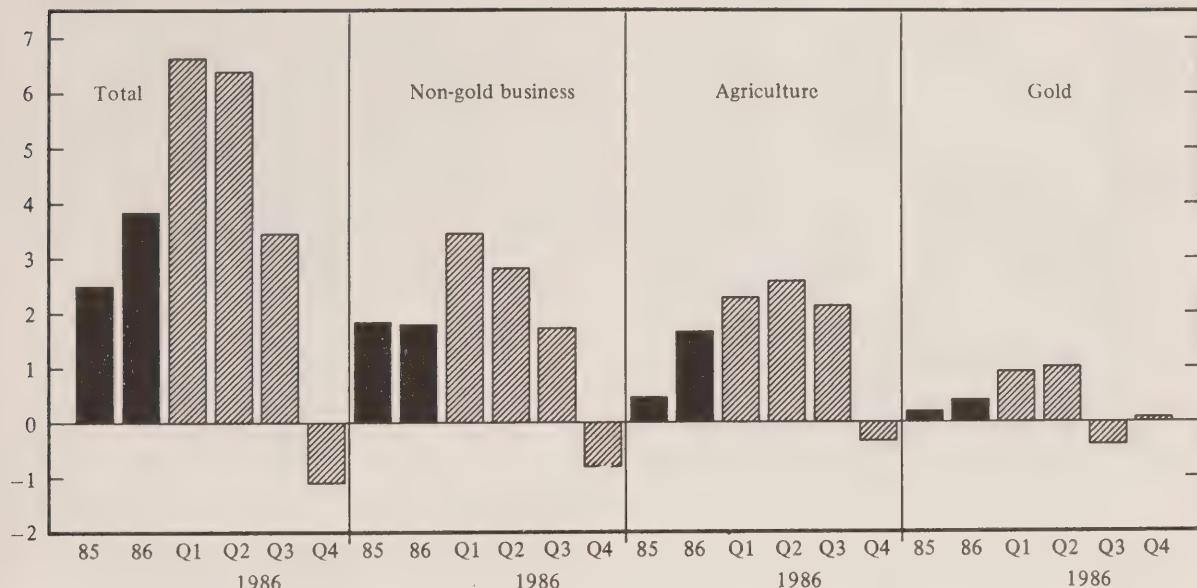
- Saskatchewan is expected to have the strongest growth in business investment in 1987, led by increases in manufacturing, after experiencing the largest provincial decline in 1986. British Columbia is also expected to have a substantial upswing in investment growth in 1987 as a result of large planned investment gains in pulp and paper and lumber manufacturing.

5. Inventories

Chart 5.1

Real Inventory Investment

billions of 1981 dollars



Swings in real inventory investment (excluding government) through the year affected importantly the pattern of growth observed in 1986. After being the principal source of growth in the first half of the year, inventory investment declined in the third quarter and fell \$4.5 billion in the fourth quarter with an inventory decumulation of \$1.1 billion.

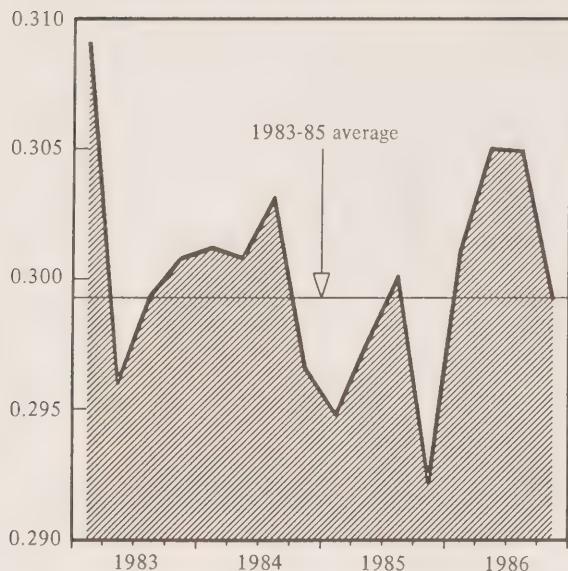
- Agricultural inventory accumulation was very strong throughout the first three quarters of the year due to a record grain harvest and weak world demand. A strong improvement in grain exports in the fourth quarter led to a \$2.5 billion decline in inventory investment in grains.

- Business inventory investment (excluding gold) rose very sharply in the first quarter, declined moderately over the second and third quarters, and then fell \$2.5 billion in the fourth quarter. The fourth quarter decline in business inventories (excluding gold) was widespread in manufacturing, trade and other industries.

- There were large increases in gold inventory investment in the first half of 1986 but a net decumulation over the second half of the year.

Chart 5.2

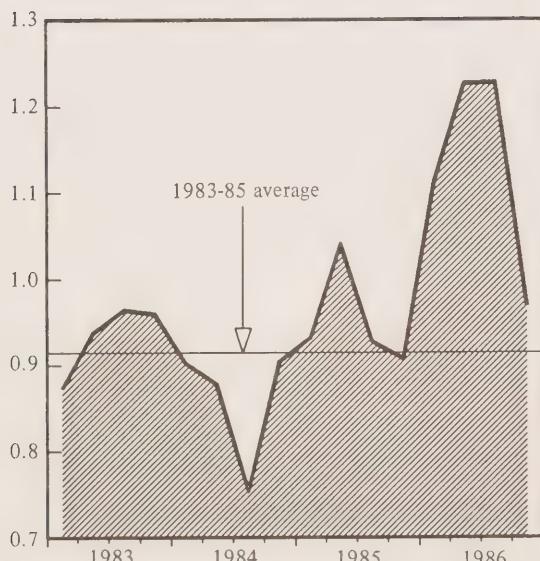
Business Inventory-to-Sales Ratio for Goods



The decline in business inventory investment in the fourth quarter resulted in a decline in the business inventory-to-sales ratio to the average level over the 1983-1985 period. As a result, it appears that any unintended inventory accumulation that may have occurred in the first half of 1986 was largely corrected in the fourth quarter. This should put businesses in a better position to expand production and employment in line with the anticipated growth in final domestic demand and export sales in 1987.

Chart 5.3

Agriculture Inventory-to-Sales Ratio

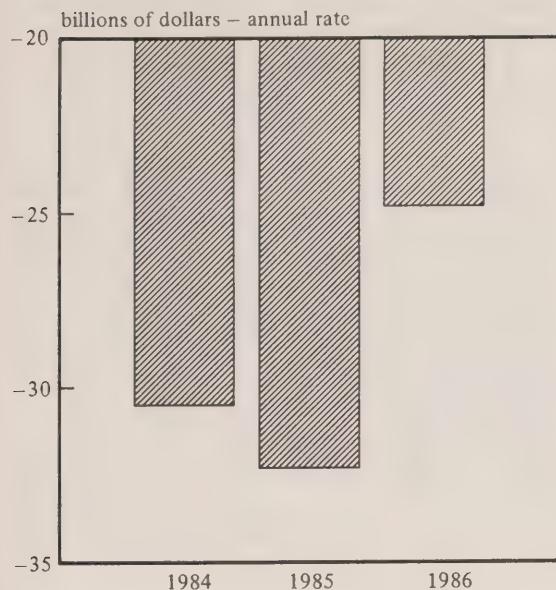


The agricultural inventory-to-sales ratio also fell sharply in the fourth quarter, largely returning to its average over the 1983-1985 period, as grain inventories fell in response to a strong rise in grain export sales. Real exports of wheat rose 99% in the quarter as a result of increased shipments to the U.S.S.R. under a long-term agreement signed in October 1986 and the end of the grainhandlers' work stoppage that disrupted grain exports in the third quarter.

6. Government Sector

Chart 6.1

Federal Deficit (CIEA Basis)



The federal government deficit on a Canadian Income and Expenditure Accounts (CIEA) basis averaged \$24.8 billion in 1986, down sharply from \$32.3 billion in 1985 (Chart 6.1). For the year as a whole, total expenditures rose only 0.2% while revenues rose 9.2% (Chart 6.2).

Restraint on expenditures was widespread in 1986 as expenditures, excluding debt interest, fell in absolute terms. Spending on goods and services was roughly unchanged, while "other" spending fell substantially, mainly as a result of lower capital assistance (with the termination of petroleum incentive grants) and lower subsidies (with the end of petroleum compensation payments). The reduction in subsidies was partially offset by increased payments to farmers. Revenue growth was led by direct personal taxes and indirect taxes. Direct corporate taxes fell, reflecting the weakness in profits of the upstream oil and gas sector.

Chart 6.2

Change in Federal Government Revenues and Expenditures, 1986 (CIEA Basis)

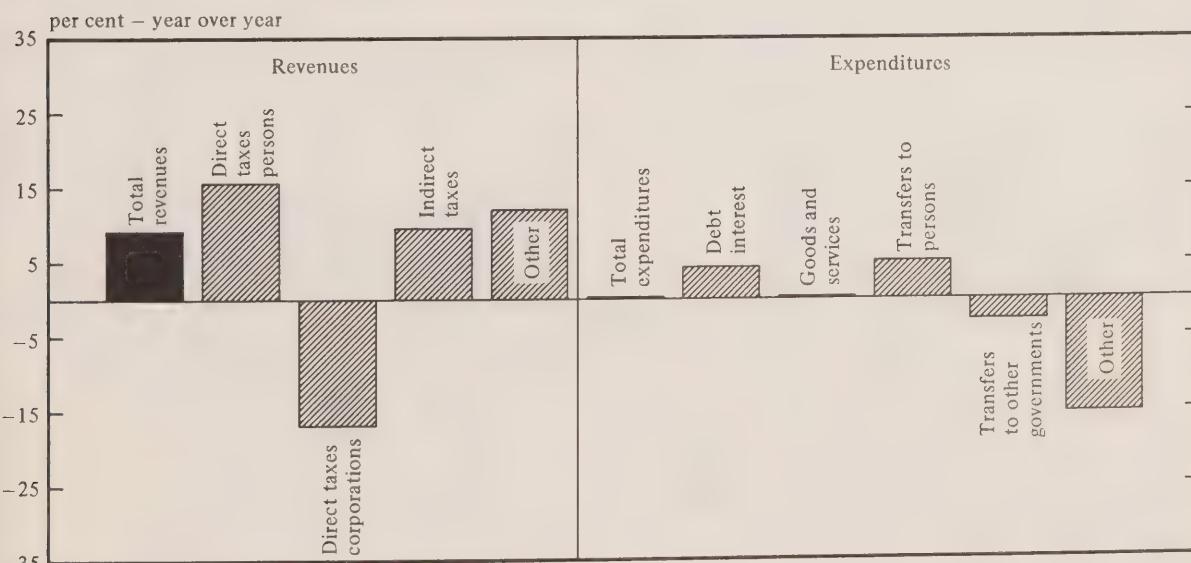
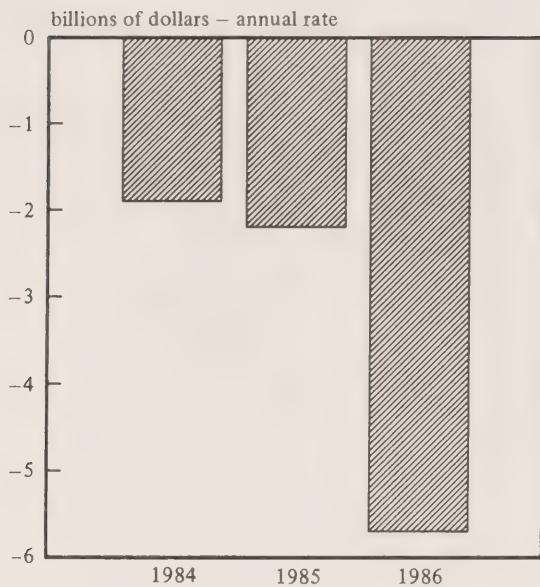


Chart 6.3

**Provincial, Local and Hospitals Balance
(CIEA Basis)**

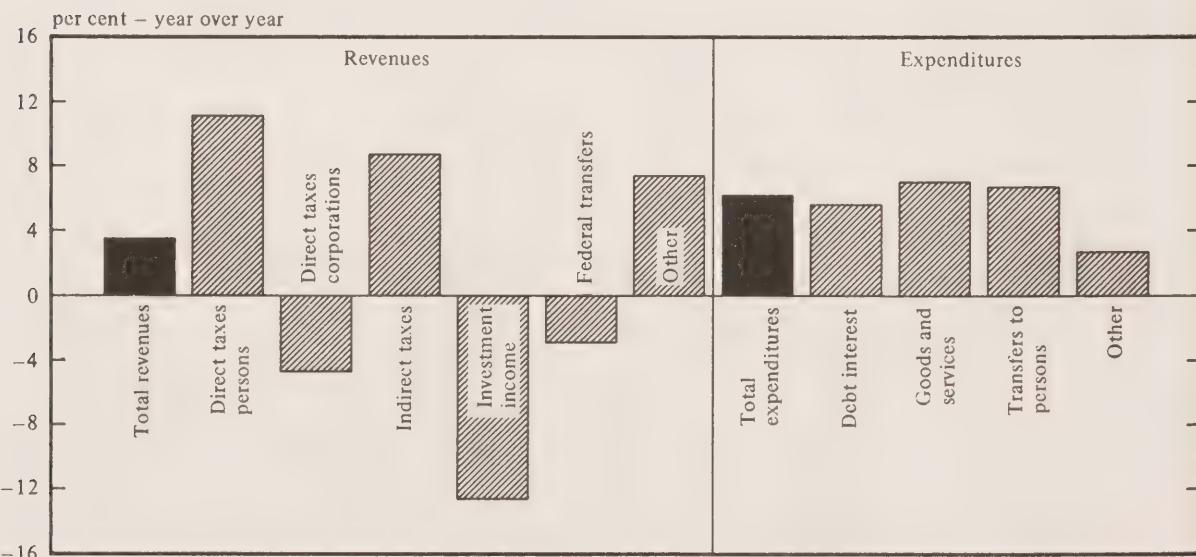


The consolidated provincial-local-hospital (PLH) sector deficit averaged \$5.7 billion in 1986, compared to \$2.2 billion in 1985 (Chart 6.3). In 1986, expenditures rose 6.2% while revenues advanced 3.5% (Chart 6.4).

Expenditure growth in 1986 was led by increased spending on goods and services and transfers to persons. Revenue growth was more moderate as investment income, direct corporate taxes and federal cash transfers all declined. The drop in investment income reflected lower royalties as a result of the drop in oil and gas prices. The decline in direct corporate taxes reflected the weakness in energy sector profits. Growth in federal cash transfers to provinces was affected by the impact of prior-year adjustments in 1985 and the strong growth in direct taxes.

Chart 6.4

Change in Provincial and Local Governments and Hospitals Revenues and Expenditures, 1986 (CIEA Basis)



7. Foreign Trade and International Developments

Chart 7.1

Current Account Balance

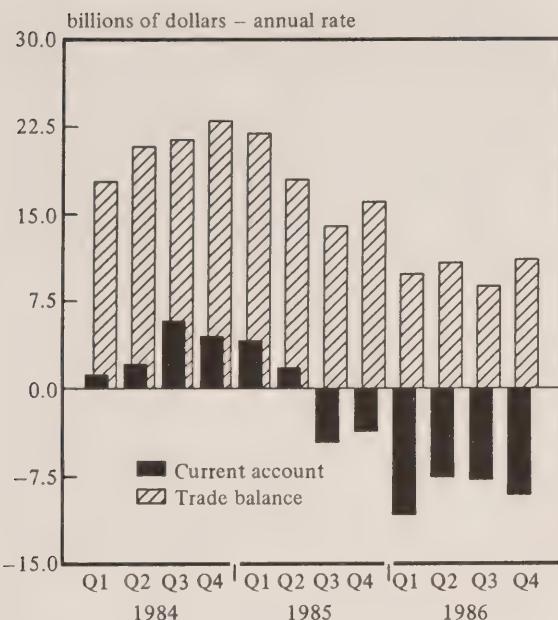
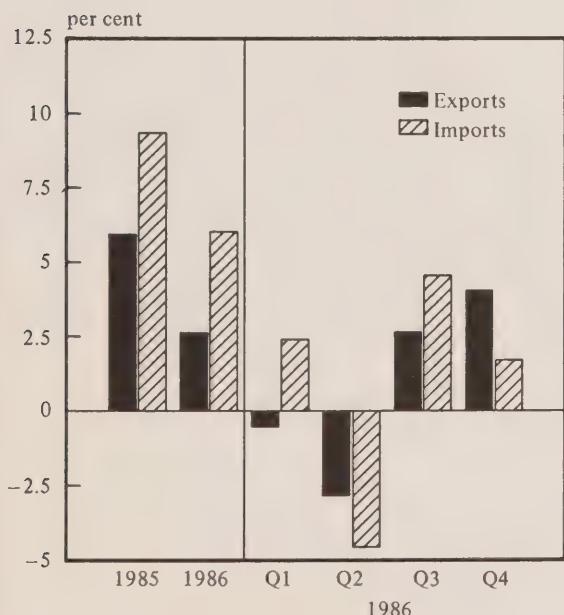


Chart 7.2

Change in Real Merchandise Exports and Imports

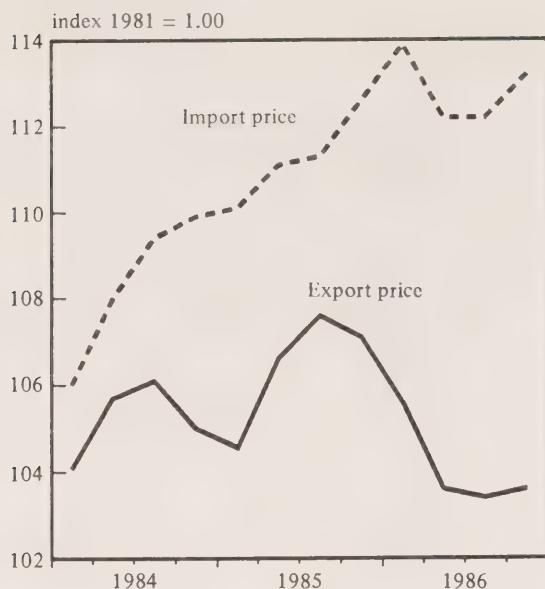


The current account deficit deteriorated in the fourth quarter in spite of a substantial increase in the merchandise trade surplus. The trade balance rebounded to reach \$11.1 billion as merchandise exports far outpaced imports. However, the total non-merchandise trade deficit widened to \$20.2 billion, in part because of the end of Expo 86. For 1986 as a whole, the current account deficit was \$8.8 billion.

The merchandise trade surplus in real terms rose in the fourth quarter to \$19.9 billion from \$16.9 billion in the preceding quarter. The second half of the year was marked by a recovery in exports, as foreign demand for cars, other finished products and wheat all increased. Growth in imports weakened in the fourth quarter due mainly to a decrease in consumer expenditure on goods, especially motor vehicles, and to a cutback in imports of petroleum and coal products.

Chart 7.3

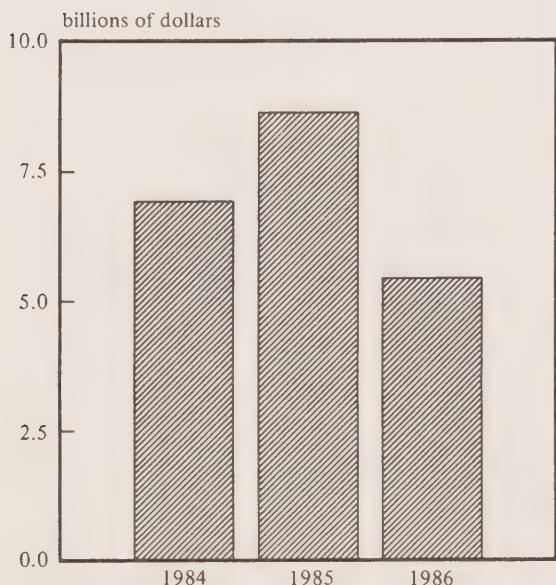
Export and Import Prices



For the fifth consecutive quarter, the terms of trade (the ratio of export to import prices in Canadian dollars) deteriorated in the fourth quarter. In 1986, the terms of trade declined substantially, due mainly to the sharp drop in export prices for wheat, crude petroleum and natural gas, and to the impact on import prices of the depreciation of the Canadian dollar against overseas currencies.

Chart 7.4

Current Account Balance with U.S.



The current account surplus with the U.S. decreased by about \$3.2 billion in 1986. This sharp reduction was due to a decline in the merchandise trade surplus from \$20.7 billion in 1985 to \$16.8 billion in 1986, reflecting a reduced value of energy exports. Strong domestic demand in Canada resulted in rapid growth in imports.

Chart 7.5

Merchandise Trade Balance With Overseas Countries



The merchandise trade balance with overseas countries continued to deteriorate in 1986, averaging a record deficit of \$6.6 billion.

- The increase in the deficit was largely concentrated with Japan and the main European countries excluding the United Kingdom, and reflected a strong growth in the value of imports from these countries.
- Strong growth in demand for machinery and equipment, consumer goods and cars produced overseas, combined with the effects of the depreciation of the Canadian

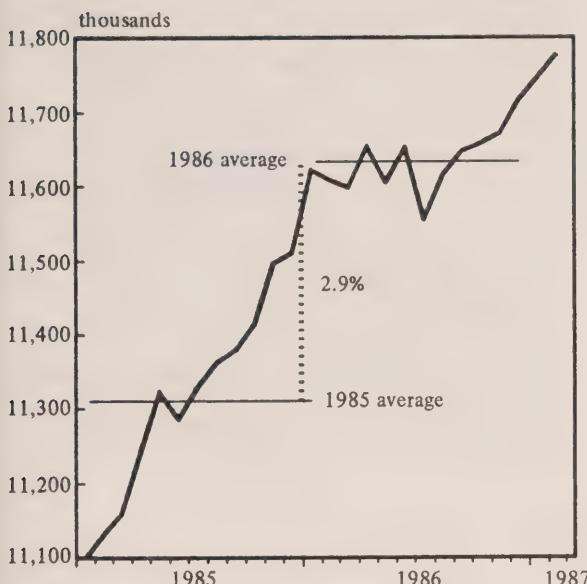
dollar (mainly against the Yen and the European currencies), resulted in the substantially higher values of imports from these countries.

- In the fourth quarter, there was some improvement in Canada's trade balances with the overseas countries due to a sharp increase in exports (except to Japan) and a decline in imports from all countries except the United Kingdom. This was the first decline in imports from these countries since the beginning of 1985.

8. The Labour Market

Chart 8.1

Recent Movements in Employment



Employment grew 2.9% in 1986, the largest annual rate of increase since 1980. However, the pattern of employment growth through the year was uneven. After a record monthly increase in January 1986, employment changed little from February through June before declining in July. Since July, employment has recovered strongly and 221,000 jobs have been created. Indeed, in February 1987, employment was already 1.2% above the 1986 average.

Chart 8.2

Employment and Demand Growth

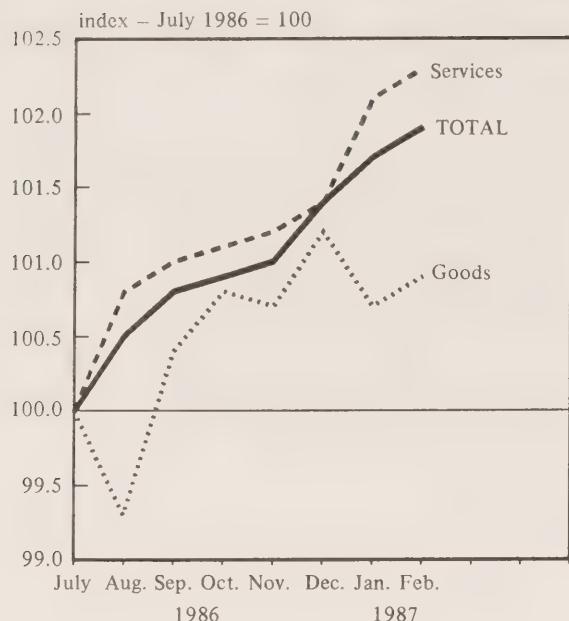


Underlying the employment pattern of first-half weakness and second-half strength were corresponding movements in final domestic demand. While GDP growth was concentrated in the first half of the year, employment growth correlated more closely with final domestic demand growth. The correction in inventories in the second half of the year, to levels more in line with sales, and the pick-up in final domestic demand have firmed the demand for labour.

Final domestic demand and GDP (CIEA basis) are for the first and second halves of 1986.

Chart 8.3

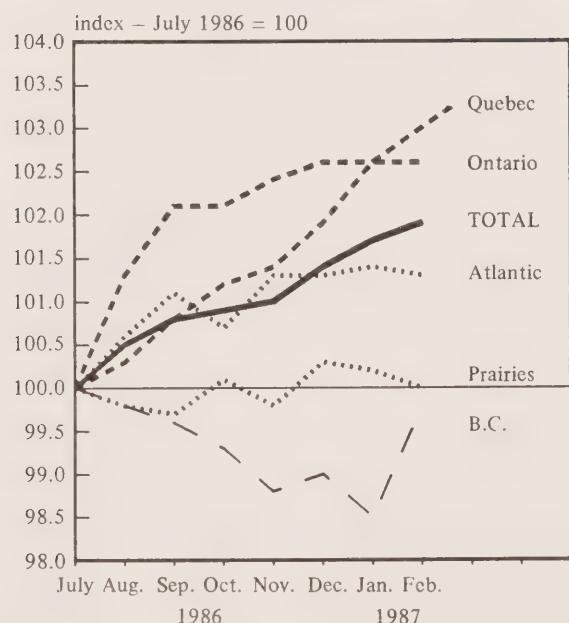
Employment by Industry



Healthy employment growth since the first half of 1986 has included both goods and services industries. Employment in services grew 2.3% during this period and goods employment, which declined in the first half of 1986, increased 0.9% since July led by gains in non-agricultural primary industries.

Chart 8.4

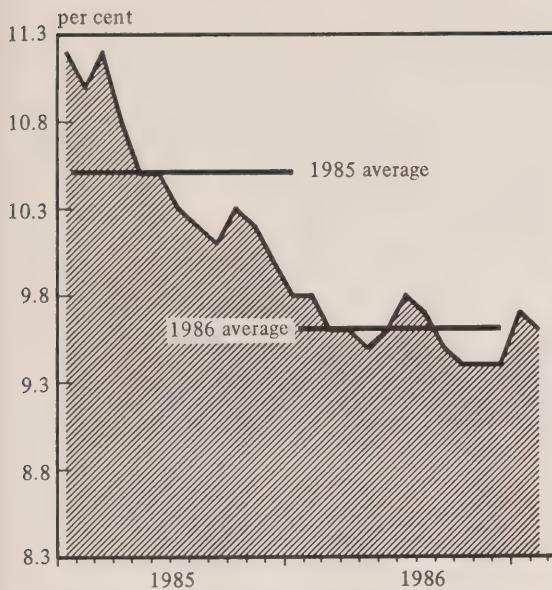
Employment by Region



Regionally, employment growth continued to show wide variation. Since July, however, three of the five regions (Quebec, Ontario and the Atlantic region) experienced employment growth similar to or above the national average. Employment in the Prairies has remained flat, after a net decline in the first half of the year. Only B.C. has suffered net job losses since July 1986, reflecting, in part, the impacts of the major five-month forestry strike and the closing of Expo 86 in October.

Chart 8.5

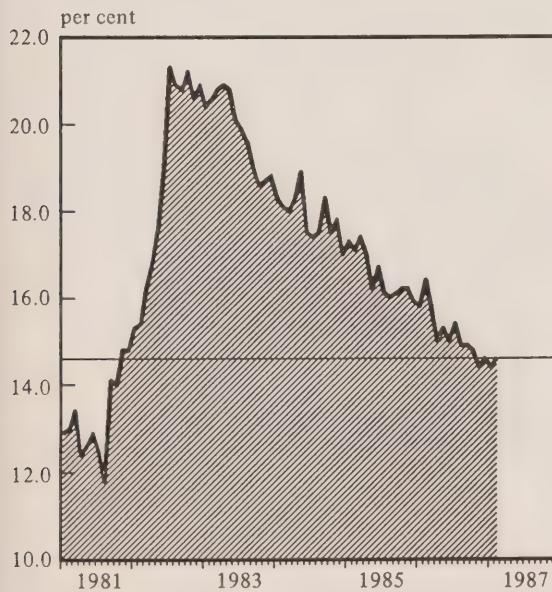
The Unemployment Rate



The unemployment rate averaged 9.6% in 1986, down from 10.5% in 1985. After declining in the August-to-October period, the unemployment rate remained flat at 9.4 per cent in November and December, and increased to 9.7% in January. There was substantial employment growth in recent months, but labour force growth has also been strong. In February of 1987, the unemployment rate dipped slightly to 9.6%.

Chart 8.6

The Youth Unemployment Rate Since 1981

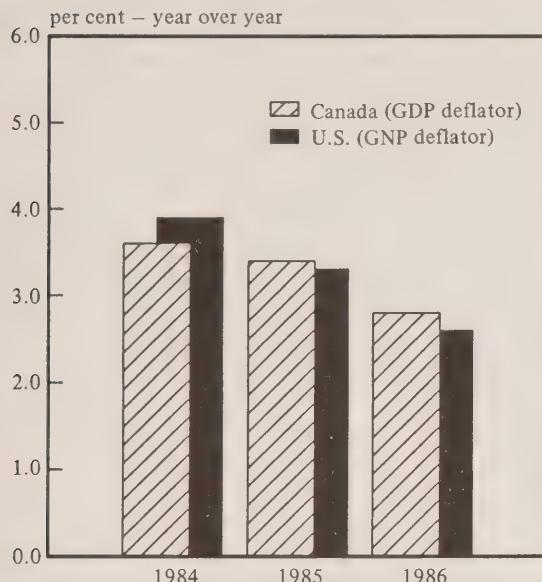


The youth unemployment rate has continued to show the most improvement of all age groups. The youth unemployment rate, at 14.6% in February, has fallen 6.7 percentage points from its July 1982 peak of 21.3% and is currently at its lowest level since October 1981.

9. Price and Wage Sector

Chart 9.1

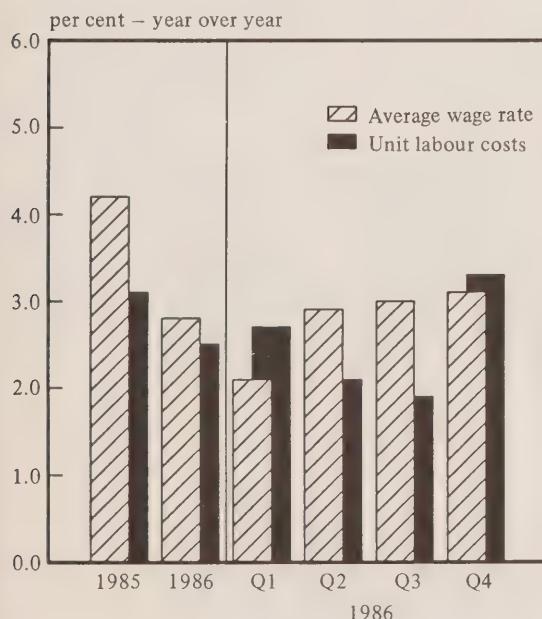
GDP Inflation



The GDP implicit price index in the fourth quarter was 3.0% above its level of a year earlier. For 1986, the GDP implicit price index rose only 2.8% (annual average), about the same as in the U.S. (Chart 9.1).

Chart 9.2

Change in the Wage Rate* and Unit Labour Costs

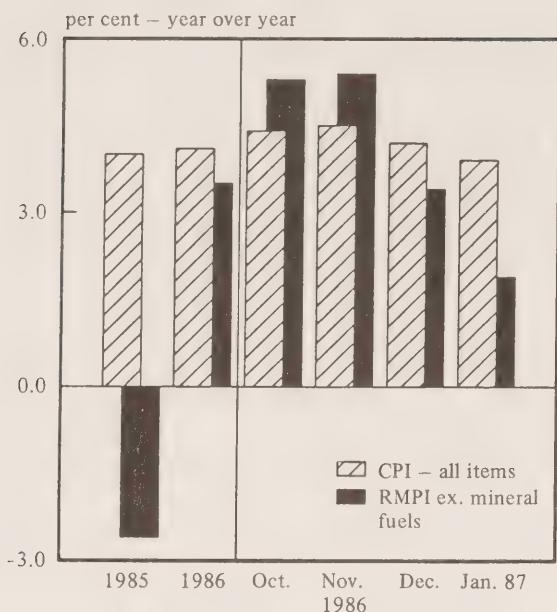


GDP inflation for the year was relatively low. Key factors underlying this development were restrained unit labour cost increases, due to moderate wage increases and continued productivity growth (Chart 9.2), and a significant reduction in Canada's terms of trade, due largely to lower energy and grain prices.

*Labour income divided by employment.

Chart 9.3

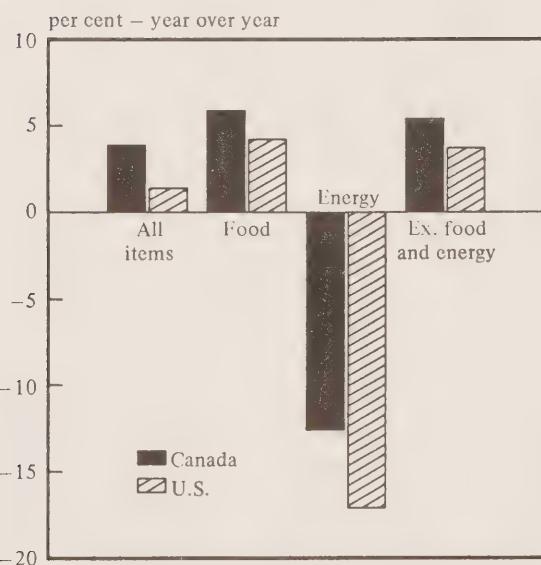
Change in the CPI and Raw Materials Prices



For the third consecutive year, consumer prices increased around 4% in 1986 (Chart 9.3). Sharp increases in food and housing prices, the depreciation of the Canadian dollar against overseas currencies, and higher indirect taxes were only partially offset by large declines in energy prices. With the easing of the upward pressure on prices stemming from a number of these factors, CPI inflation has recently declined from 4.5% (year over year) in November 1986 to 3.9% in January 1987.

Chart 9.4

Inflation in Canada and the U.S. – January 1987



On a year-over-year basis, CPI inflation in Canada remained above that in the U.S. in January 1987 (3.9% and 1.4% respectively). This difference reflects higher food price increases, smaller energy price declines and the impact of indirect tax increases in Canada over the last 12 months (Chart 9.4).

10. Financial Sector

Chart 10.1

Canadian Dollar (Average Noon Value)

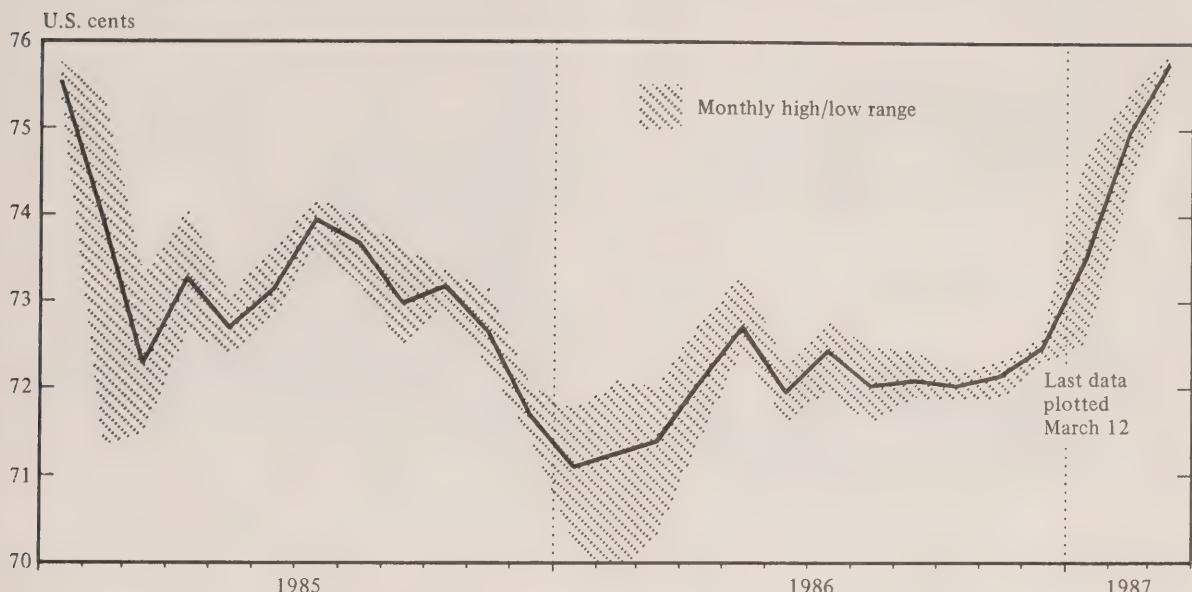
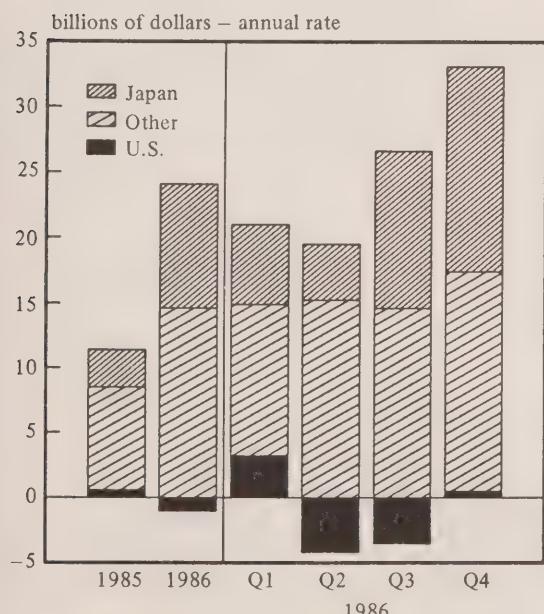


Chart 10.2

Net Foreign Purchases of Canadian Bonds

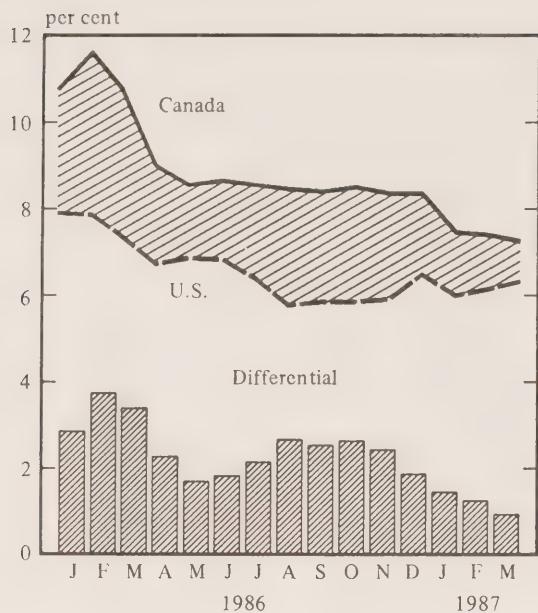


After reaching record lows in the first quarter of 1986, the Canadian dollar recovered and throughout the remainder of the year traded in a narrow range above 72 cents U.S. Since the end of the year, the dollar has risen dramatically and is currently (March 13) trading above 75 cents U.S. Market analysts attribute this strength to the gap between Canadian and U.S. interest rates, the general weakness of the U.S. dollar, anticipated firming in commodity prices, and reductions in the federal government deficit in Canada.

Net foreign purchases of Canadian bonds doubled in 1986 (Chart 10.2). The growth in Japanese purchases during the course of the year was particularly strong, accounting for 40% of the total. Net purchases of Canadian bonds by U.S. residents slipped in 1986. Among factors explaining this large capital inflow are the attractive yields of Canadian bonds and the healthy growth of the Canadian economy.

Chart 10.3

90-Day Commercial Paper Rate in Canada and the U.S.



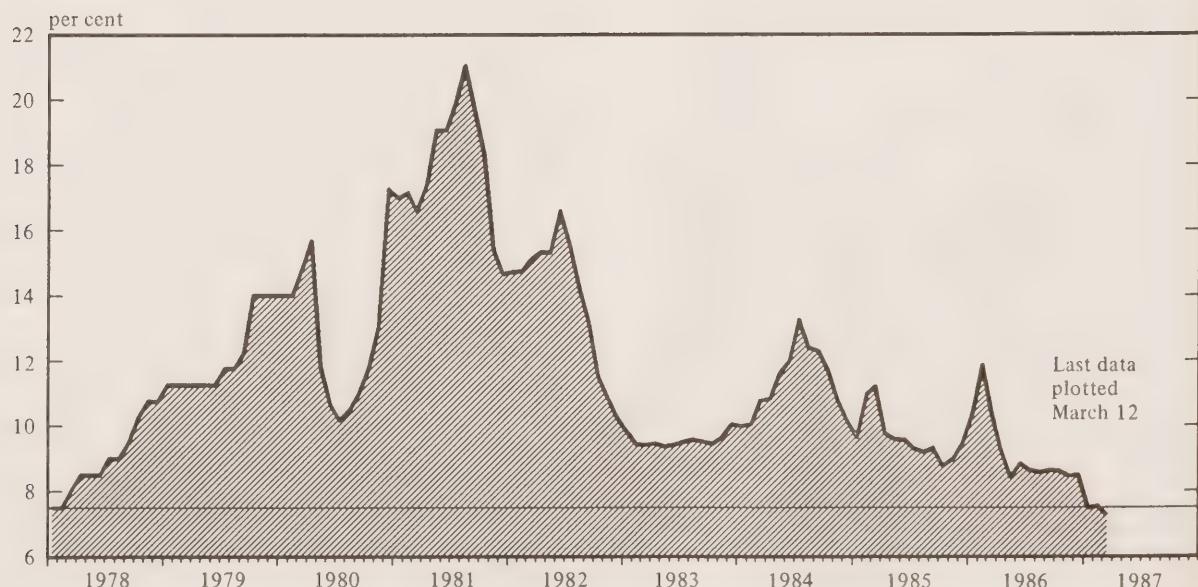
Last data plotted March 12.

The recent strength of the Canadian dollar against the U.S. dollar has permitted Canadian short-term interest rates to decline sharply. This occurred in spite of recent increases in U.S. short-term rates (Chart 10.3). As a result, the differential on 90-day commercial paper has narrowed to below one percentage point – the lowest since the Autumn of 1985.

After being relatively stable around 8.5% in the last half of 1986, the Bank Rate fell by one percentage point over the course of January before moving up slightly in February (Chart 10.4). In early March, it has fallen again to 7.28%, its lowest level since 1974. Other interest rates have followed. The chartered banks' prime lending rate is down one percentage point and mortgage rates half a percentage point from the end of 1986.

Chart 10.4

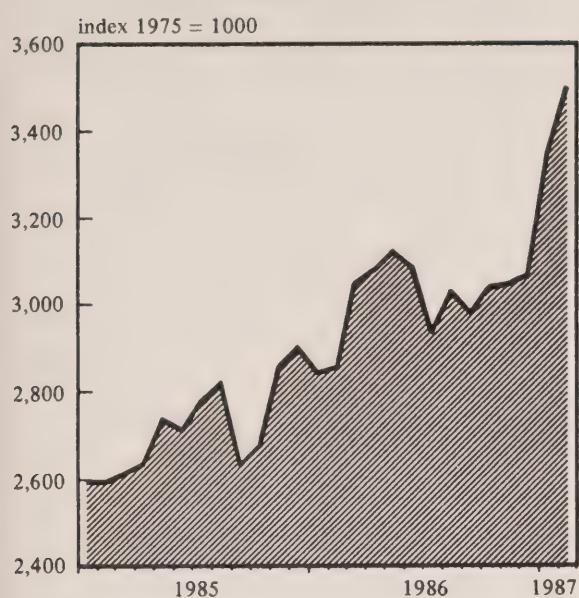
Bank of Canada Lending Rate (Month-End Value)



Last data plotted
March 12

Chart 10.5

TSE 300 Closing Quotation



The stock market started the new year with a burst of strength. The TSE 300 Index broke the 3500 barrier in late January (Chart 10.5).

Special Report

This special report was prepared
by Munir A. Sheikh and V.K. Whitehead.

Economic Studies and Policy Analysis Division
Fiscal Policy and Economic Analysis Branch
Department of Finance.

Views expressed in this special report represent
those of the authors and should not be
attributed to the Department of Finance.

11. A Review of Financial Developments in the Canadian Non-Financial Corporate Sector in the 1980s

1. Introduction

The examination of the financial situation of the non-financial corporate sector before and after the 1981-1982 recession is important for a full understanding of the performance of the Canadian economy in the 1980s. This special report⁽¹⁾ reviews financial developments in the Canadian corporate sector, and compares these developments with the situation in the United States.

The basic story that emerges is that large changes in the financial structure of corporations significantly influenced corporate behaviour in the 1980s. Non-financial corporations substantially altered their balance sheets over the 1979-1981 period by relying heavily on short-term and variable-rate debt to finance both the investment boom and strong acquisition activity. These developments left Canadian corporations ill prepared to deal with the combined shock of interest rate run-ups and the profit and output declines which occurred during the 1981-1982 recession. The ensuing recovery has been marked by a major effort by corporations to restructure their balance sheets and this restructuring has been achieved partly by cutbacks in investment spending. By the end of 1986, the non-resource sector had largely restored pre-1981 financial positions. In contrast, the natural resource sector's financial situation still reflects the continuing international weakness in commodity prices.

The financial situation of the Canadian and U.S. corporate sectors evolved quite differently during the past several years. While Canadian corporations have experienced substantial improvements in their financial position in the last four years, the U.S. corporate financial situation has deteriorated quite significantly since 1983. Corporate profitability has increased

and leverage declined in Canada in recent years while U.S. corporations have experienced a decline in profitability and their reliance on debt has increased dramatically.

Section 2 of this special report is a review of the corporate financial situation in the period immediately preceding and including the 1981-1982 recession. Section 3 provides a discussion of corporate financial developments during the 1983-1985 period of economic recovery. More recent developments are the focus of analysis in Section 4, while Section 5 provides a comparison of the corporate financial developments in Canada and the U.S. The report ends with some concluding remarks. An annex contains the definitions of the various financial ratios presented and a discussion of the nature of the data.

2. Historical Perspective: The Period to 1982

The period from 1979 to 1981 was marked by both strong growth in business investment and an important change in the manner in which that investment was financed as the period progressed. From the end of 1978 to the peak in the second quarter of 1981, business fixed investment in constant dollars rose by almost 50% (Chart 11.1). The major factors behind the investment boom were strong economic growth and the expectations that this growth would continue, low real interest rates and the pick-up in the growth of energy investment following sharp increases in energy (particularly petroleum) prices. Expectations generally were that high rates of inflation would continue and the costs of borrowing on the part of business

(1) Readers interested in more information on financial developments should read Robert Tetlow, "Some Developments in Financing and Capitalization of Non-Financial Businesses in Canada", *Bank of Canada Review* (December 1986), pp. 3 to 23.

Chart 11.1

Real Business Investment

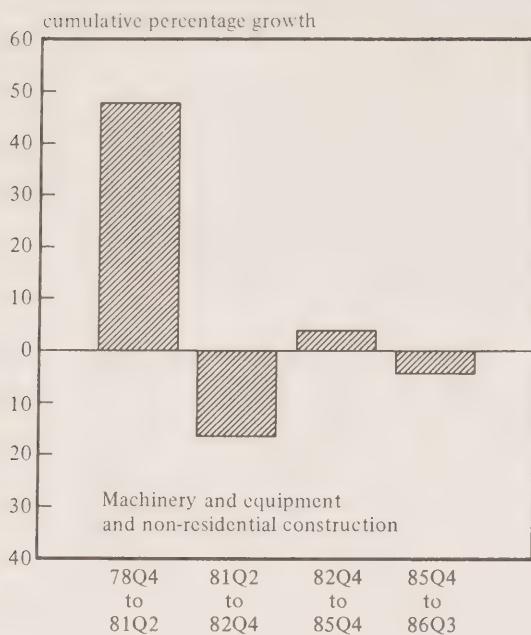
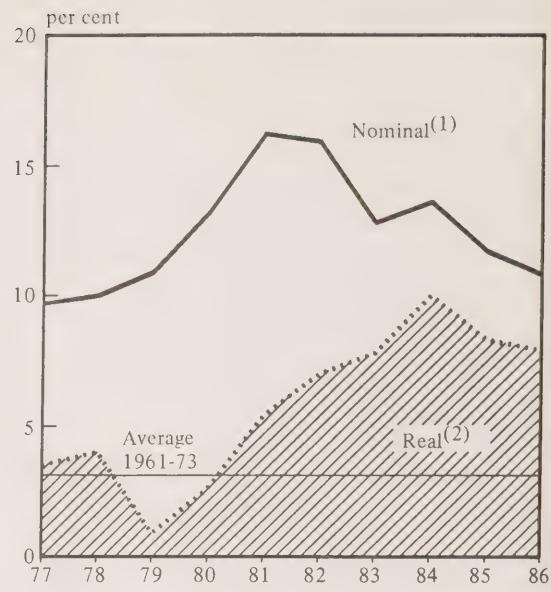


Chart 11.2

Long-Term Corporate Bond Rate



(1) McLeod Young Weir long-term corporate bond yield.
(2) Nominal less change in GDP deflator.

Chart 11.3

Return on Equity Non-Financial Corporations

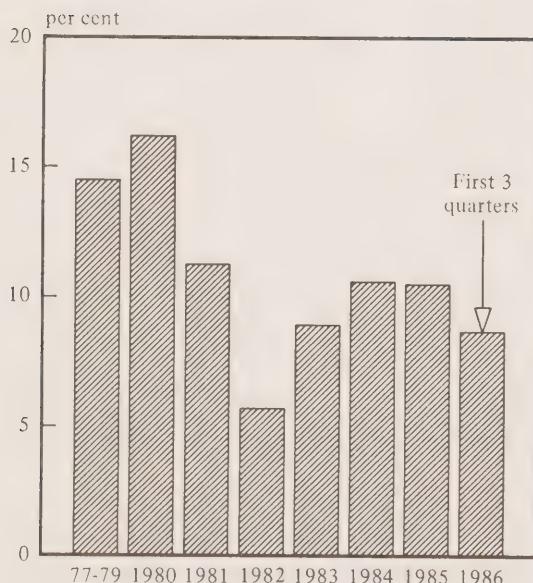
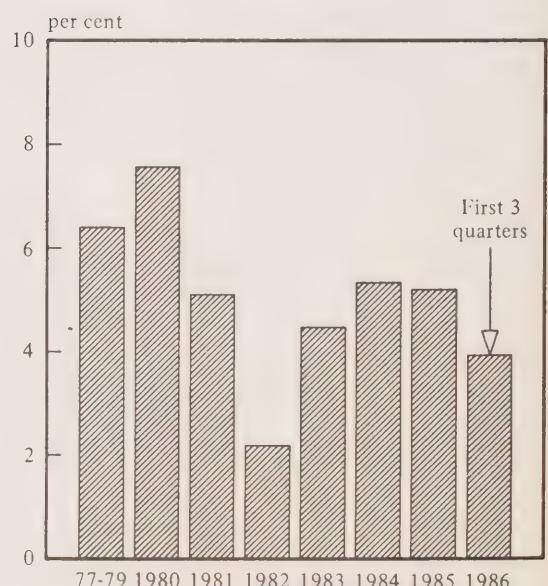


Chart 11.4

Profit Margins Non-Financial Corporations



were perceived to be low despite increases in nominal interest rates (Chart 11.2).

With profitability high during this period, as shown by the return on equity and profit margins (Charts 11.3 and 11.4), initially most of this investment boom was financed out of business profits, which more than doubled from 1977 to 1980 (Chart 11.5). However, external financing became increasingly important in 1981 as corporate profits began to decline in response to sharp increases in both wage costs and debt-servicing costs. Wage settlements averaged 13.3% in 1981 and interest rates moved into the 15 to 20% range in nominal terms and close to 6% in real terms (Chart 11.2). As a result, the reinvestment ratio shot up from under 1 to over 1.4.

The deterioration in the corporate financial situation in 1981 could be seen in a number of key financial indicators. Both profit margins and the rate of return on equity declined. This decline in profitability, combined with the poor performance of the stock market, led to a greater reliance on debt financing, resulting in a large increase in the debt-to-equity ratio (Chart 11.6). Another major factor affecting the debt loads was the borrowing undertaken for takeovers, particularly of foreign-owned petroleum companies in response to the "Canadianization" provisions of the National Energy Program. Financing of these takeovers was mostly in the form of short-term and variable-rate debt. As profits fell and interest payments ballooned, the interest coverage ratio declined substantially (Chart 11.7).

The interaction of declining profits and increasing debt loads led to a significant deterioration in the financial health of Canadian corporations, leaving them ill prepared when the economy went into recession in mid-1981. Both nominal and real interest rates rose dramatically (Chart 11.2) during the recession which impacted significantly on the economy in general and the financially vulnerable business sector in particular. The investment boom came to an abrupt end in the second half of 1981. The business sector found itself with large and growing surpluses of productive capacity as demand fell off and, in addition, faced rapidly increasing financing costs resulting from the rise

in interest rates. Investment in constant dollars fell more than 16% between mid-1981 and the end of 1982 (Chart 11.1). However, profits fell even faster than investment so that the reinvestment ratio actually rose to a record 1.59 in 1982. In conjunction with the impacts on profits of both the recession and high debt-servicing costs, the weakness of the equity markets meant that corporations continued to rely heavily on debt instruments to meet their financing needs throughout the 1981-1982 period. As a result the debt-to-equity ratio rose to a record level in 1982 (Chart 11.6) and the interest coverage ratio fell dramatically (Chart 11.7), further reducing the ability of corporations to meet short-term financial requirements from internal funds.

3. The Recovery: 1983-1985

A prime objective of corporations during the economic recovery, which began in the first quarter of 1983, was to improve their balance sheets. At the beginning of 1983, corporate profitability was low, debt levels were too high and interest payments were eating up too large a fraction of corporate income. The business sector took a number of steps to deal with this situation.

- First, the investment boom of the 1979-1981 period and the subsequent large decline in demand had led to a large increase in excess capacity. As a result, firms reduced investment spending in the early phase of the recovery despite large increases in output. The reinvestment ratio fell substantially in 1983 from its record 1982 level and declined further in the 1984-1985 period.
- Second, the business sector used the rebound in profits early in the recovery to restructure balance sheets. The growth of total borrowing slowed substantially. As well, there was a significant lengthening in the maturity of debt and a shift away from variable-rate debt (Chart 11.8).
- Third, firms also improved their liquidity positions by keeping more cash at hand and the interest coverage ratio rose (Chart 11.7).

Chart 11.5

Corporate Profits Before Tax

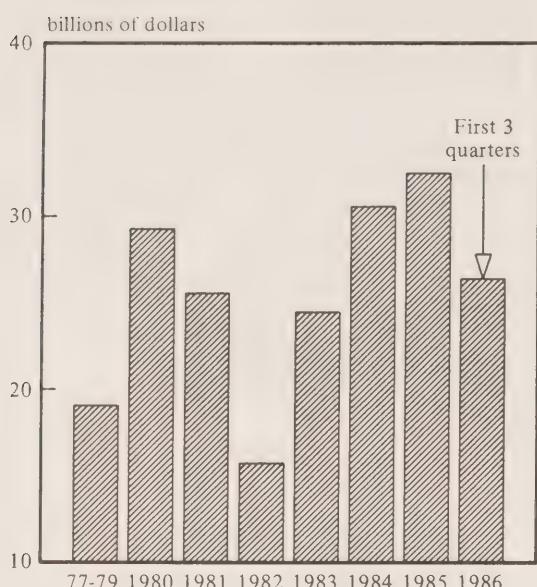


Chart 11.6

Debt to Equity Ratio Non-Financial Corporations

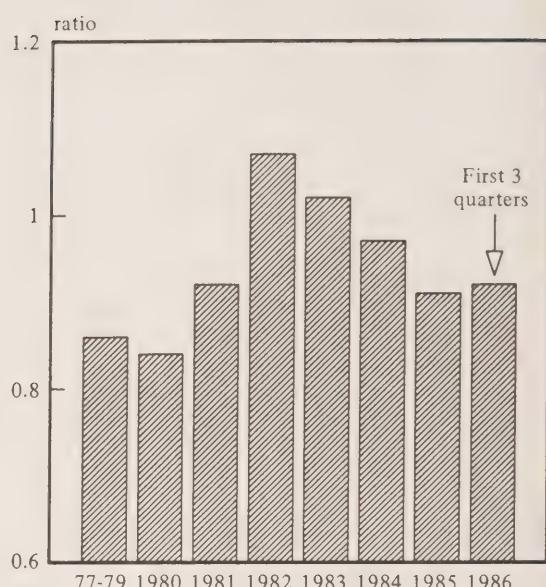


Chart 11.7

Interest Coverage Ratio Non-Financial Corporations

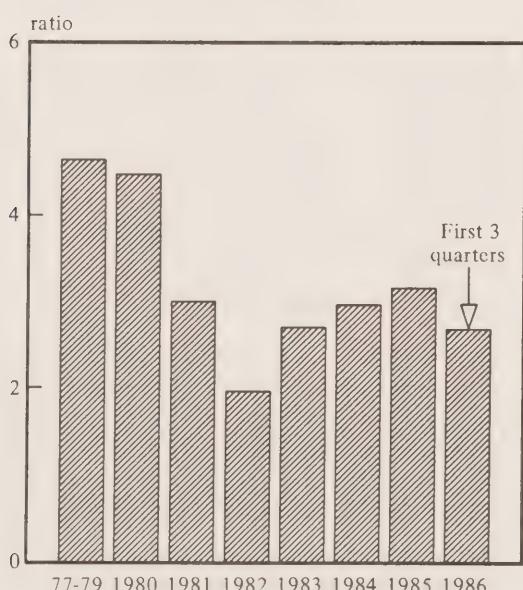
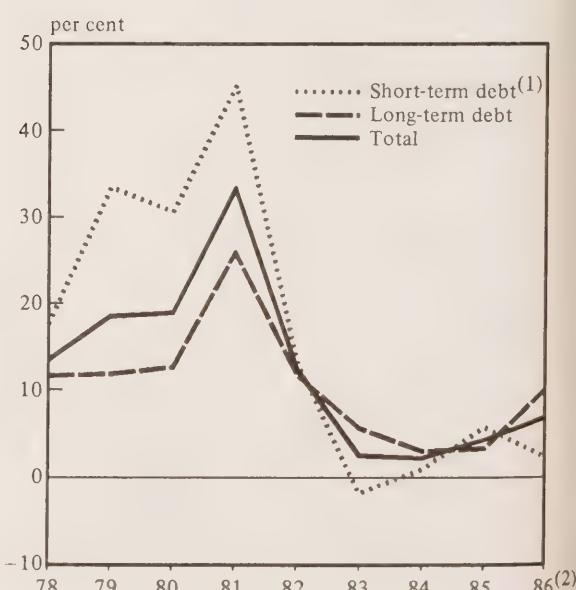


Chart 11.8

Change in Debt Outstanding



Note: From levels at end of period.

(1) Includes long-term bank loans.

(2) End of 3rd quarter.

Over all, while the financial situation of large corporations at the end of 1985 had improved substantially, it remained less robust than it had been on average over the 1977-1981 period (Charts 11.3 to 11.7). Both the resource and non-resource sectors had made significant improvements in their balance sheets (Charts 11.9 to 11.12) in the 1983-1985 period. However, the extent of the improvement over this period differed considerably between the resource and non-resource sectors of the Canadian economy.

Given the extent of the profitability decline in the **resource sector** during the 1981-1982 period, and the continuing weakness in international commodity prices through the recovery, the financial situation of that sector at the end of 1985 was still considerably less buoyant than it had been prior to 1981.

- Profit margins were 12.5% at the end of 1985, still below the peak level of 20.7% in 1979 and the average of 15.7% over the 1977-1981 period.
- The rate of return on equity of 8.9% at the end of 1985 was below the 1979 peak of 23.6% and the 1977-1981 average of 17.0%.
- The debt-to-equity ratio of 0.73 was still above the average 1977-1981 value of 0.52.
- The interest coverage ratio at 3.9 at the end of 1985 was again significantly below the pre-recession peak of 10.6 and the 1977-1981 average of 8.3.

In contrast, the **non-resource sector** made significantly more progress in restoring its financial situation over the 1983-1985 period. By the end of 1985:

- Profit margins were 4.0%, only slightly below their peak of 5.2% in 1979 and the average 1977-1981 average of 4.6%.
- The rate of return on equity, which had fallen to a recession low of 6.2% in 1982 had recovered to 13.0% by the end of 1985, only

slightly below the 13.6% averaged over 1977-1981.

- Debt-to-equity ratios which had worsened to 1.22 in the recession had improved to .99 at the end of 1985, and were below the 1977-1981 average of 1.07.
- The interest coverage ratio which had improved from the recession lows to 2.9 in 1985 was still below the 3.5 average over the 1977-1981 period.

There are reasons to suggest that the corporate financial situation at the end of 1985 was, however, better than indicated by a strict statistical comparison with the 1977-1981 period.

- First, the 1977-1981 period was one of rising inflation and strong growth and is not representative of **average** conditions likely to prevail in the economy over the longer run.
- Second, the high rates of inflation during the 1977-1981 period distorted the measurement of key financial ratios. For example, measured rates of return on equity overstated corporate profitability in the late 1970s⁽²⁾.
- Third, estimates of the leverage situation of corporations are based on the "book" rather than the "market" value of equity. The nearly 70% increase in the stock market from its 1977-1981 average to 1985 suggests that measured debt-to-equity ratios in 1985 underestimate the improvement in leverage relative to the 1977-1981 period.

4. Recent Developments and Prospects⁽³⁾

Despite continued real GDP growth above 3% and further interest rate declines in 1986, the financial picture evolved quite differently in the non-resource and resource sectors. The last year saw a continued, albeit modest, improvement in the financial situation of the non-resource sector. At the end of 1986, financial indicators for the non-resource sector were very similar to

(2) See *Rate of Return and Investment Profitability*, Department of Finance, (April 1980).

(3) Data are reported only to the third quarter of 1986. Preliminary figures, however, indicate that the fourth quarter developments were similar to those of the first three quarters of 1986.

Chart 11.9

Profit Margins
Non-Financial Corporations

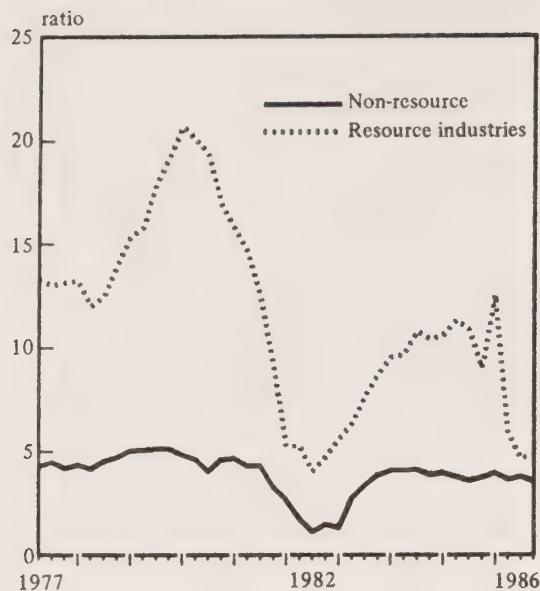


Chart 11.10

Rates of Return on Equity
Non-Financial Corporations

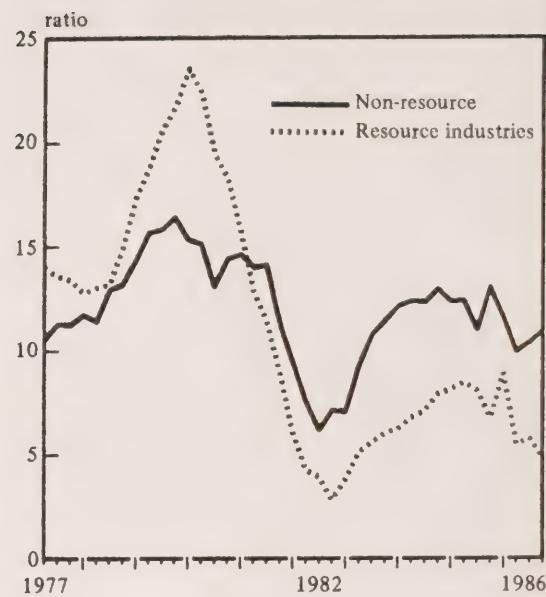


Chart 11.11

Interest Coverage Ratios
Non-Financial Corporations

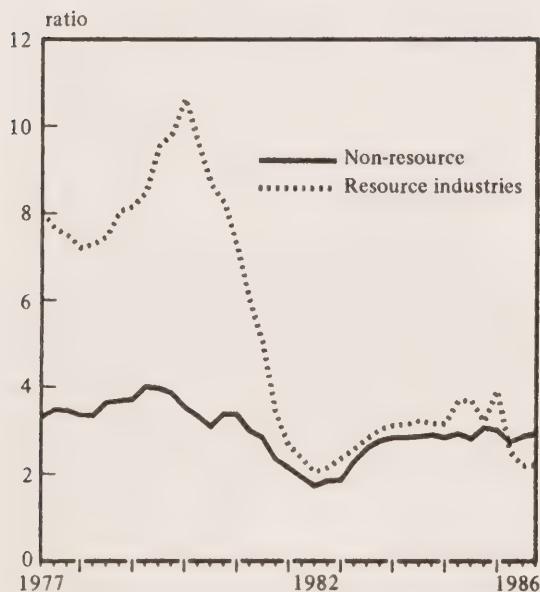
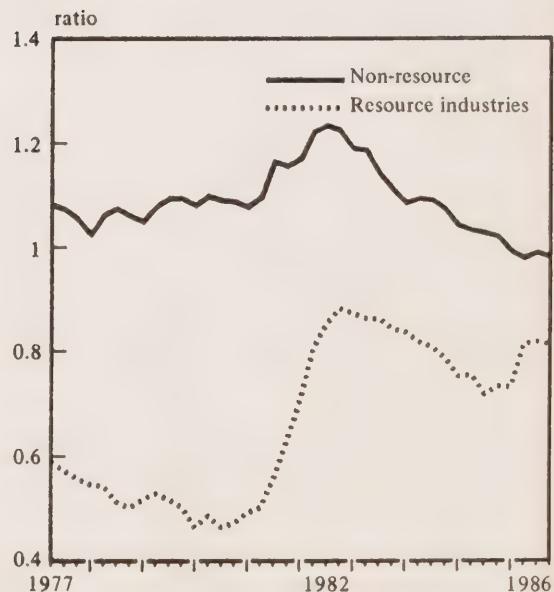


Chart 11.12

Debt/Equity Ratios
Non-Financial Corporations



their averages in pre-recession years with the greatest progress being made in the manufacturing sector.

In contrast, there was a deterioration in the resource sector's financial situation in 1986, resulting from the large decline in international oil prices and continuing weakness in most other primary commodity prices in international markets. By the third quarter of 1986, the petroleum industry was reporting losses, in contrast with an average rate of return on equity of 20% over the pre-recession 1977-1981 period. Because of the sharp deterioration in the profitability of the petroleum industry, financial ratios for the resource sector as a whole are significantly worse than pre-recession average levels. However, the situation continued to improve in other resource industries. For example, in the forestry industry profits have remained very strong, and other mining, which suffered substantially because of general weakness in commodity prices, has reported a significant improvement in its financial health over the last several quarters.

Prospects for the resource sector depend importantly on the prospects for commodity prices. The recent decline in interest rates will, however, help this sector. As for the non-resource sector, prospects are bright given the recent declines in interest rates, improved balance sheets, increased profitability and expectations of continued economic growth.

5. Canada-U.S. Comparison of the Financial Health of the Corporate Sector

Canadian corporations have been making very substantial efforts to restructure their balance sheets since the 1981-1982 recession. One element of this restructuring has been a reduced reliance on the debt markets. In contrast, debt loads of U.S. corporations have jumped in the last three

years, reflecting a large increase in corporate takeovers, a shrinking equity base, relatively weak profit growth, and strong investment spending, particularly in 1983 and 1984.

Charts 11.13 to 11.16 provide a comparison of the financial health of the Canadian and U.S. corporate sectors.

Unlike the systems of national income and expenditure accounts, which follow fairly similar guidelines in the two countries, financial data reported by the two countries use quite different definitions. While the reader should note that Canada-U.S. **levels** of the variables reported in Charts 11.13 to 11.16 are not strictly comparable⁽⁴⁾, a number of interesting comparisons can be made regarding the **changes** in these variables. Charts 11.3 and 11.4 show very different trends in corporate financial situations in the two countries.

In the 1981-1982 period, profitability fell and debt-equity ratios rose substantially more in Canada than in the U.S., reflecting:

- the much stronger performance of investment in Canada (Chart 11.15) and a sharp increase in takeover activity prior to the 1981-1982 recession, both of which were financed to a large extent through debt;
- the greater severity of the recession in Canada, which led to a decline in Canadian output that was much larger than in the U.S.; and
- a much greater increase in interest payments by Canadian corporations reflecting largely the greater and rapidly increasing reliance of Canadian corporations on debt relative to equity (Chart 11.16).

The profitability of Canadian corporations, and their overall financial health, has improved substantially since the 1981-1982 recession, while the improvement was much weaker in the U.S. This reflects:

(4) Canadian financial data in these charts are not comparable with the data in the previous charts as they are obtained from a different source to facilitate comparisons with the U.S.

Chart 11.13

Non-Financial Corporate Profits Before Tax as a Share of GDP/GNP

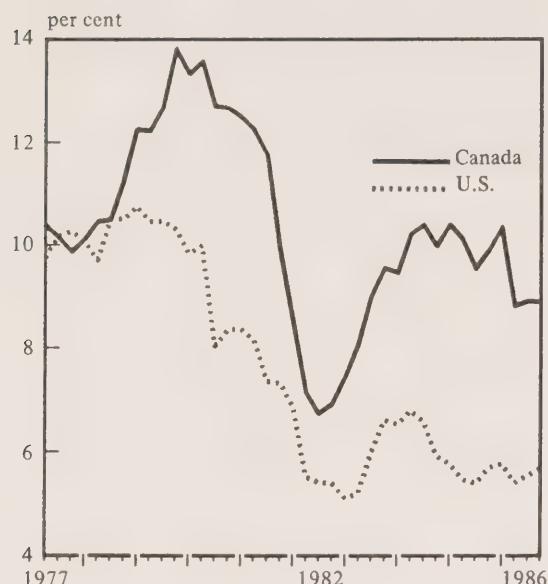


Chart 11.14

Debt/Equity Ratios Canada and United States

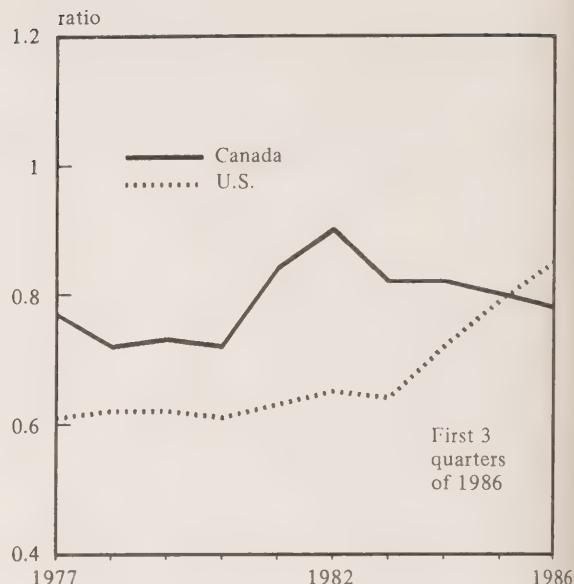


Chart 11.15

Real Business Investment

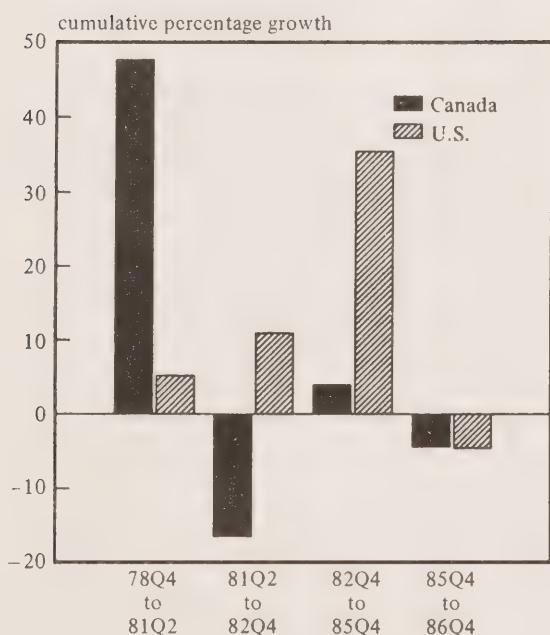
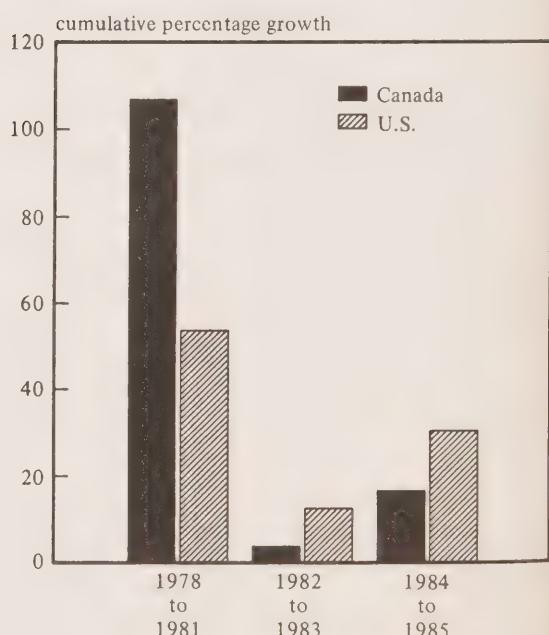


Chart 11.16

Non-Financial Corporations Change in Debt Outstanding



- a relatively stronger Canadian recovery, as output in Canada rose more than that in the U.S.;
- the existence of excess capacity which allowed increases in Canadian output without large additional corporate spending; and
- greater rationalization by Canadian businesses and resulting larger increases in productivity.

6. Concluding Remarks

Canadian non-financial corporations witnessed a dramatic deterioration in their balance sheets during the 1981-1982 recession. Since then, a great deal of effort has been expended by corporations to restore health to their balance sheets. To a significant extent, these efforts have succeeded as indicated by substantial increases in corporate profitability and the declines in their reliance on debt. However, a short-term element in the restoration of financial health was that a large part of the increase in profits in many industries was used to retire or restructure debt rather than to increase investment.

The financial position of the non-resource sector of the economy has largely recovered from the 1981-1982 recession. The natural resource sector, on the other hand, experienced a major jolt in 1986 with the strong decline in world oil and gas prices, after making substantial improvements in the previous three years. Both sectors should continue to benefit from lower interest rates and expected reasonably strong growth in output and profits in 1987.

The corporate financial situation in the 1980s has evolved quite differently in Canada than in the U.S. In comparison to the U.S., Canadian corporations were less favourably placed entering the 1981-1982 recession and, as a result, the recession did substantially more damage to the financial positions of corporations in Canada than in the U.S. In the recovery, the focus of Canadian corporations has naturally been on improving their financial situation. On the other hand, U.S. corporations have substantially raised their debt loads to finance the large increases in takeovers and investment spending, a situation very similar to that experienced in Canada during the 1979-1981 period.

Annex

Definition of Ratios

Profitability

- Profit margin: the ratio of before-tax profits over sales.
- Return on equity: the ratio of income after taxes and before extraordinary items to total equity.

Liquidity

- Interest coverage: the ratio of income to interest payments.

Leverage

- Debt-to-equity ratio: the ratio of short-term and long-term loans and debt to total shareholders equity.

Reinvestment ratio

- Net investment over retained earnings.

Note on the Data

The availability of data constrains this report to an analysis of the financial situation of large corporations which have assets in excess of \$10 million. Even for large corporations, consistent data are not available prior to 1977. Therefore, it is much more difficult to compare the recent financial situation of Canadian corporations with "reference values" of key financial indicators that encompass a number of economic cycles in the postwar period. For this reason, the **major** focus of the Report is on **changes** in key financial variables, although levels of these variables are presented when this is of interest. The major source of data used in this report is Statistics Canada's *Industrial Corporations Financial Statistics*. However, the report does take into account other sources of available information on corporate financial situation before drawing any conclusions. These other sources of data include the *Bank of Canada Review*; and Statistics Canada's *Financial Flow Accounts*, and *National Balance Sheets*.

Quarterly Economic Review

CAI
FN
-E16

June 1987

Canada

The Quarterly Economic Review

© Minister of Supply and Services Canada 1987

Available in Canada through

Associated Bookstores
and other booksellers

or by mail from

Canadian Government Publishing Centre
Supply and Services Canada
Ottawa, Canada K1A 0S9
(819) 997-2560

	Canada	Other Countries
3 regular issues — single copy	\$ 4.00	\$ 4.80
1 special issue — single copy	\$10.00	\$12.00
Annual subscription — 4 issues	\$20.00	\$24.00

Price subject to change without notice

Cette publication est également offerte en français

Preface

The *Quarterly Economic Review* provides a timely analysis of recent developments in the Canadian economy and presents analytical work of the staff of the Department of Finance.

Most of the data used in the *Quarterly Economic Review* come from Statistics Canada. Other regular sources of data are: the Bank of Canada, Canada Mortgage and Housing Corporation, the Canadian Real Estate Association, the OECD and the Conference Board of Canada.

The cut-off date for Statistics Canada data reported here is July 17, 1987.

A special supplement containing the annual Reference Tables is published separately with this issue of the *Quarterly Economic Review*. The Reference Tables provide information on the main economic, fiscal and financial aggregates over the past few decades.

Comments or questions should be directed to Michael Kennedy (613-996-0336), Assistant Director, Economic Analysis and Forecasting Division, Fiscal Policy and Economic Analysis Branch, Department of Finance, Ottawa, Ontario, K1A 0G5.

Table of Contents

1. The Economy in Brief	1
Real GDP growth picked up strongly to an annual rate of 6.3% in first quarter of 1987, reflecting very robust growth in final domestic demand.	
2. Personal Sector	5
Consumer expenditure strengthened in the first quarter, despite a slowdown in real disposable income growth. Consumers remain in a strong wealth position with a debt burden smaller than in the late 1970s.	
3. Housing Sector	9
Housing starts in the first quarter were at a nine-year high and have now been above 200,000 units for a year.	
4. Business Non-Residential Investment	11
Growth in business investment has strengthened markedly in response to improved business conditions and enhanced corporate liquidity. Over the last six months, investment spending intentions for 1987 have increased in almost every industry.	
5. Inventories	15
Inventory investment declined further in the first quarter of 1987. Business non-farm inventory investment increased but there was a reduction in grain stocks.	
6. Government Sector	17
The federal government deficit on a CIEA basis decreased to \$24.7 billion in the first quarter of 1987 from \$25.8 billion in the previous quarter.	
7. Foreign Trade and International Developments	19
The current account balance improved substantially in the first quarter of this year. The merchandise trade surplus with the U.S. increased and the trade deficit with overseas countries declined.	
8. The Labour Market	23
Employment has continued to rise sharply in 1987, with the gains broadening across age groups, industries and regions since the beginning of the year. The unemployment rate dropped to 8.9% in June.	
9. Price and Wage Sector	27
CPI inflation has risen from 3.9% year-over-year in January to 4.8% in June, reflecting in particular special factors affecting food and energy prices. Underlying cost increases have remained moderate.	
10. Financial Sector	29
Canadian interest rates have firmed and the Canada-U.S. interest rate differential has increased in the last few months. The dollar is currently trading above U.S. \$0.75.	
Special Report	
11. The Housing Market Boom: What Underlies the Strength?	35
A detailed analysis of both demand and supply factors underlying the recent strength in the Canadian housing market.	

1. The Economy in Brief

Highlights of the First Quarter

- Real growth picked up very strongly to 6.3% (annual rate) in the first quarter of the year. Final domestic demand was also very robust, growing at 6.1%.
- Residential investment continued to be the strongest component of final domestic demand as housing starts rose to levels not seen since 1978.
- Business non-residential investment spending surged, led by very strong growth in machinery and equipment and a turnaround in non-residential construction.
- The trade balance improved in the first quarter, contributing noticeably to overall growth. Exports of goods and the terms of trade both increased.
- Employment growth increased to a 4.2% annual pace in the first six months of 1987. Moreover, the employment expansion has become more broadly based than in 1986, with most industries and provinces showing significant employment gains. The unemployment rate dropped to 8.9% in June, its lowest level since February 1982.

Summary

The Canadian economy grew at an annual rate of 6.3% in the first quarter of the year (Chart 1.1). This was the strongest rate of increase since the fourth quarter of 1985 and was much higher than most forecasters had expected. It confirms the underlying strength in the economy previously indicated by the sharp rise in employment since July 1986, and contrasts sharply with the sluggish pace of output growth in the second half of 1986.

Final domestic demand rose substantially during the first quarter of 1987 reflecting an upturn in consumer expenditure on goods and a very strong increase in business and residential investment. Final domestic demand growth has not been so broadly based since mid-1985.

Looking ahead (second quarter GDP estimates to be released by September), current surveys indicate business managers and consumers are confident about near-term economic prospects. Surveys of investment intentions indicate that investment spending should continue to be robust. The housing market remained buoyant in the second quarter with housing starts averaging 244,000 units, the highest quarterly level of starts in nine years. Moreover, employment growth accelerated in the second quarter.

In nominal terms, the trade balance with both the United States and overseas countries

strengthened during the first quarter of 1987, aided by an improvement in the terms of trade. In real terms the merchandise trade balance also strengthened, and accounted for close to one percentage point of GDP growth. On average in April and May, the trade balance improved further.

Chart 1.1

Change in Real GDP and Employment Since the Beginning of 1986



Chart 1.2
GDP and Final Domestic Demand

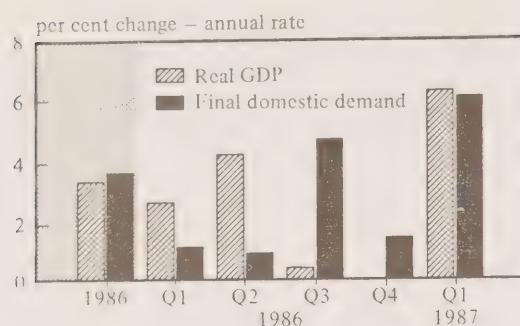
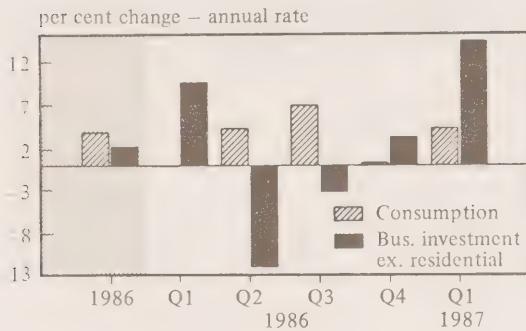


Chart 1.3
Consumption and Investment



Main Economic Indicators

	1985	1986	1987					
	1986	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Real output and demand (1981 dollars)								
GDP	(%, a.r.)	3.3	6.8	2.6	4.2	0.4	0.0	6.3
Final domestic demand	(%, a.r.)	3.6	6.2	1.1	0.9	4.7	1.4	6.1
Consumption	(%, a.r.)	3.9	4.6	-0.1	4.4	7.1	0.3	4.4
Business capital formation	(%, a.r.)	6.2	10.8	7.3	-6.8	2.3	6.3	16.8
Residential construction	(%, a.r.)	14.9	35.0	2.3	5.0	13.6	12.3	20.7
Non-residential construction	(%, a.r.)	-8.2	-11.6	10.3	-31.4	-22.0	-1.2	4.4
Machinery and equipment	(%, a.r.)	11.5	13.0	9.5	6.9	13.2	6.5	22.1
Inventory investment	(\$, b.a.r.)	3.6	1.2	5.7	4.5	2.9	1.4	0.4
Business non-farm	(\$, b.a.r.)	1.7	1.2	3.6	2.1	0.9	0.1	1.5
Trade balance	(\$, b.a.r.)	16.6	17.4	14.9	18.9	16.2	16.4	17.4
Current account balance	(\$, b, current, a.r.)	-9.3	-4.3	-10.6	-6.3	-8.4	-11.7	-8.9
Incomes and savings								
Personal disposable income	(%, a.r.)	1.1	2.7	4.0	0.4	-4.1	2.7	0.7
Profits before taxes	(%, a.r.)	-4.8	38.4	-47.8	7.1	5.9	38.0	28.2
Costs and prices								
GDP price inflation	(%, Y/Y)	3.0	3.8	3.3	2.7	2.6	3.3	4.1
Consumer price index	(%, Y/Y)	4.1	4.2	4.2	3.9	4.2	4.3	4.0
CPI - energy	(%, Y/Y)	-7.1	5.3	2.4	-8.2	-9.7	-13.0	-9.8
Excluding food and energy	(%, Y/Y)	5.3	4.4	4.7	5.4	5.6	5.1	4.4
Change in unit labour costs	(%, Y/Y)	3.0	3.4	3.3	2.5	2.3	3.7	2.9
Labour market								
Unemployment rate	(%)	9.6	10.1	9.7	9.6	9.7	9.4	9.6
Change in employment	(%)	2.9	1.0	1.2	0.2	-0.3	0.6	0.8
Financial developments								
Exchange rate (closing)	(U.S. cents)	72.44	71.52	71.64	72.34	72.07	72.44	76.60
Prime interest rate (end of period)	(%)	9.75	10.00	12.00	10.25	9.75	9.75	8.75

Source: Statistics Canada and the Bank of Canada

Chart 1.4
Inventory Change

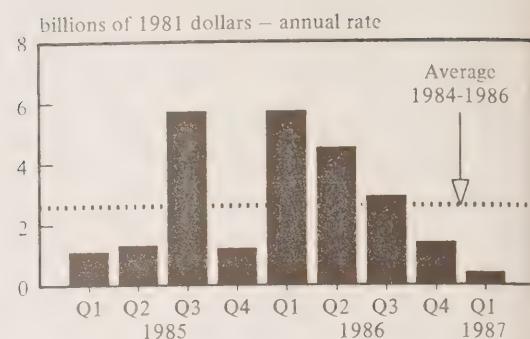
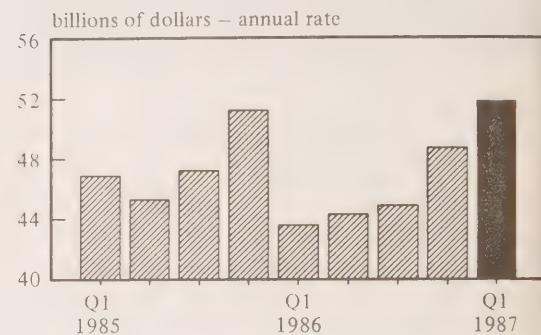


Chart 1.5
Corporation Profits Before Taxes



Inventory investment in constant dollars fell by \$1 billion in the first quarter of 1987 to \$0.4 billion, following even larger declines in the previous three quarters. Farm inventories decreased sharply during the quarter due to strong grain exports, while business non-farm inventory investment picked up moderately. The business non-farm inventory-to-sales ratio remains below trend, and some inventory buildup, and hence a boost to output growth, is to be expected.

Employment growth in Canada has shown a marked increase since July 1986. In the first half of 1987, employment continued to increase strongly and 246,000 jobs were created, a 4.2% annual pace of job creation. The gains have been more broadly based this year, with strong employment increases in most sectors of the economy and provinces. The unemployment rate fell to 8.9% in June from 9.7% in January of 1987, although the extent of the decline was tempered by strong labour force growth.

Final Domestic Demand Strengthens

Over the past three quarters, final domestic demand has increased at an average annual rate of 4.0% and, in the second half of 1986, had outpaced the growth of real GDP (Chart 1.2). Both real GDP growth and final domestic demand growth accelerated sharply in the first quarter of this year. Consumer expenditure increased strongly in the first quarter (Chart 1.3) as spending on goods rebounded, led by a bounce-back in auto spending. Spending on consumer services continued to grow at a strong pace. Consumer confidence, as indicated by the latest Conference Board of Canada survey, remains close to its historical high. The savings rate dropped to 9.5%, its lowest level since the mid-1970s.

Real non-residential investment increased by 14.7% in the first quarter reflecting a turnaround in non-residential construction and a sharp 22% increase in investment in machinery and equipment. The increase in machinery and equipment investment in the first quarter was the largest since the third quarter of 1985. Recent surveys of business attitudes indicate that business managers have become more confident. The recently released Department of Regional Industrial Expansion April survey of investment intentions of major corporations shows stronger investment intentions for 1987 than reported in last October's survey.

Business Inventories Trimmed

Inventory investment was very volatile in 1986, importantly influencing the pattern of real GDP growth through the year (Chart 1.4). In the first quarter of 1987, real inventory investment decreased a further \$1 billion following a \$1.5 billion decrease in the previous quarter. The downswing in inventory investment continued to reduce real GDP growth, but by less than was the case in the second half of 1986. Farm inventories were run down in the first quarter to meet export demand, whereas non-farm business inventories were up. The change in non-farm business inventories in the first quarter remained below its average in the past three years, and the stock-to-sales ratio remains below trend, suggesting that further increases in production are required to bring inventories back to desired levels.

Profits Up Sharply

Pre-tax profits of Canadian corporations rose at an annual rate of 28% in the first quarter of 1987, with mineral fuels and petroleum refining industries accounting for a large part of the overall gain. Other substantial gains occurred in the wood, paper and allied, and chemical products industries, reflecting higher prices and strong demand. Pre-tax profits have shown two consecutive large quarterly increases and are now back to their aggregate levels at the end of 1985 prior to the dramatic decline in world oil and grain prices (Chart 1.5).

Housing Market Booms

Residential investment in real terms increased by almost 21% in the first quarter, the third consecutive quarter of double-digit growth. In March, housing starts rose to levels not seen since 1978 and the strength continued in the second quarter with June recording 243,000 starts at an annual rate. June marked the twelfth consecutive month of starts at or above 200,000 units. The house resale market has also been buoyant, and prices of new houses have increased sharply, especially in the Toronto metropolitan area.

Pick-Up in Year-Over-Year Inflation Rate

The year-over-year increase in the all-items CPI rose from 3.9% in January to 4.8% in June. Increases in energy prices, following the sharp declines in early 1986, and increases in food

prices in May and June put upward pressure on inflation. As well, the impact of higher indirect taxes in 1986 also exerted upward pressure on year-over-year measures of inflation. Excluding food and energy, the year-over-year increase in the CPI has actually declined from 5.4% in January to 4.3% in June. Cost fundamentals remain favourable. Economy-wide wage moderation and a resumption of solid productivity growth (3.0% at annual rates in the first quarter) have exerted downward pressure on unit labour costs. These two factors coupled with the appreciation of the Canadian dollar on a trade-weighted basis since the beginning of the year, should act to dampen the rate of inflation in the coming months.

Canadian Dollar Back Above U.S. \$0.75

After climbing sharply during the first quarter in response to heavy inflows of portfolio capital (from U.S. \$0.724 at the end of December to a high of U.S. \$0.766 in March), the value of the Canadian dollar subsequently eased towards U.S. \$0.74. More recently, the Canadian dollar has strengthened again, rising above U.S. \$0.75. Since the beginning of the year, U.S. interest rates have increased. Canadian interest rates decreased during the first quarter and the differential between Canadian and U.S. interest rates dropped to 0.5 percentage points. Since March, Canadian interest rates have increased by over 1 percentage point to near 1986 year-end levels, and the differential has widened to 1.75 percentage points by mid-July.

Employment Growth More Broadly Based

During the first half of the year, employment has increased at a buoyant 4.2% average annual rate of growth – an increase of 246,000 jobs. Growth has been broadly based with most sectors and provinces sharing in the increase. Full-time employment is growing strongly, indicating increased confidence of business managers in economic prospects. As a result of the strong employment growth, the

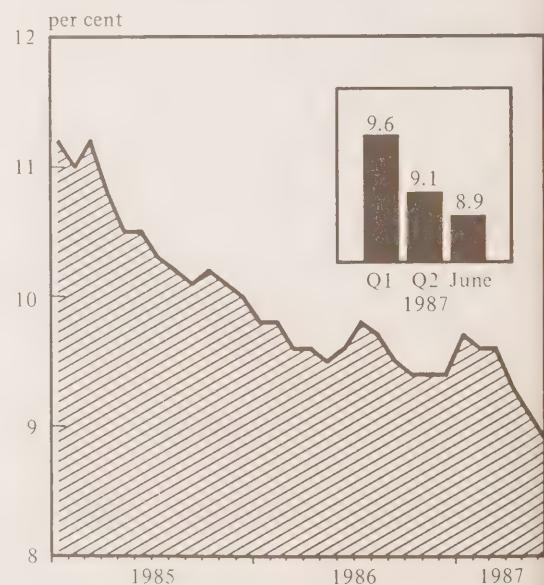
unemployment rate fell from 9.7% in January to 8.9% in June. This is its lowest level since February 1982 (Chart 1.6).

Historical Revisions – Previous Real GDP Growth Estimates Revised Up

Statistics Canada has revised the Canadian Income and Expenditure Accounts data back to 1982. Overall, real GDP growth has been revised upwards significantly. The average annual rate of growth since the end of the 1981-82 recession is now 4.7% compared with 4.3% before the revisions. Real GDP growth in 1986 has been revised up to 3.3% from the initial estimate of 3.1%. As a result of these revisions, the level of real output in the Canadian economy at the end of 1986 was 1.3% higher than previously estimated. The level of pre-tax profits and labour income were also revised upwards by \$1.2 billion and \$4.1 billion respectively.

Chart 1.6

The Unemployment Rate



2. Personal Sector

Chart 2.1

Change in Real Consumer Expenditure and Real Personal Disposable Income

per cent – annual rate

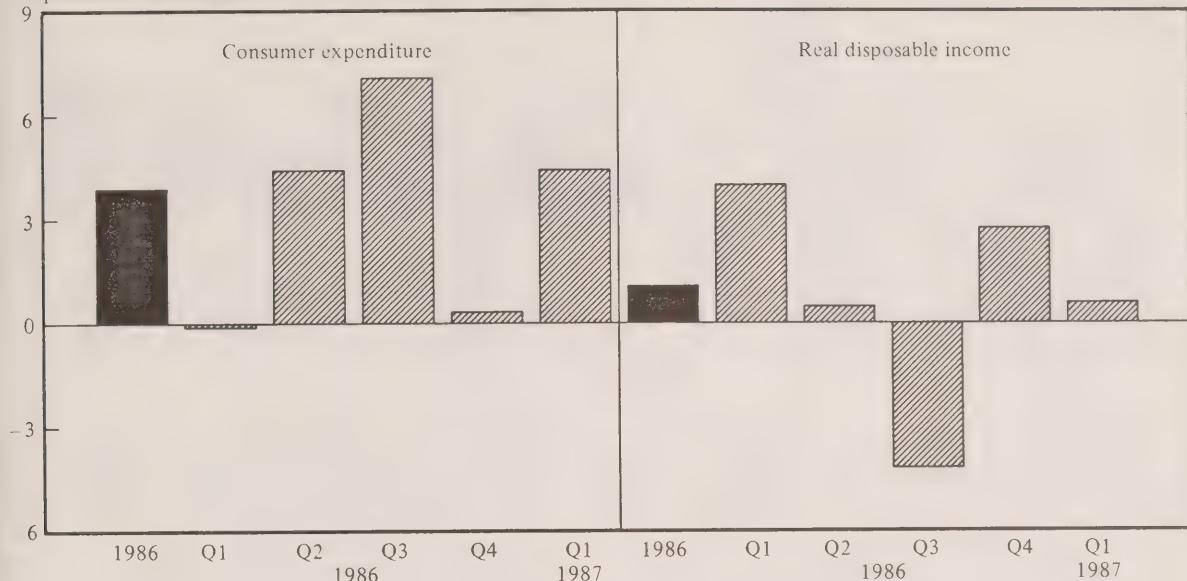
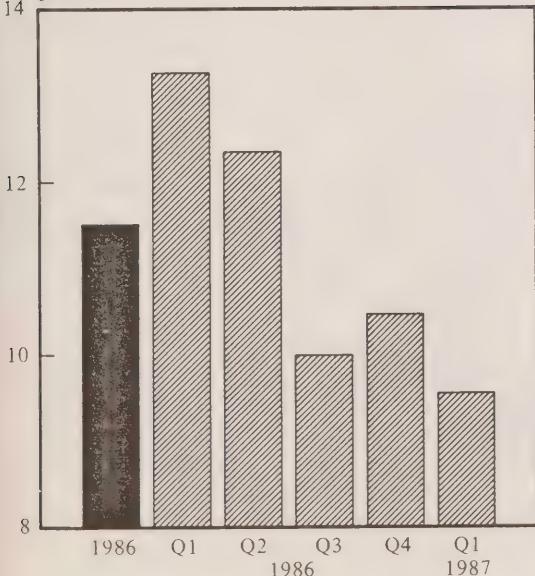


Chart 2.2

The Personal Savings Rate

per cent

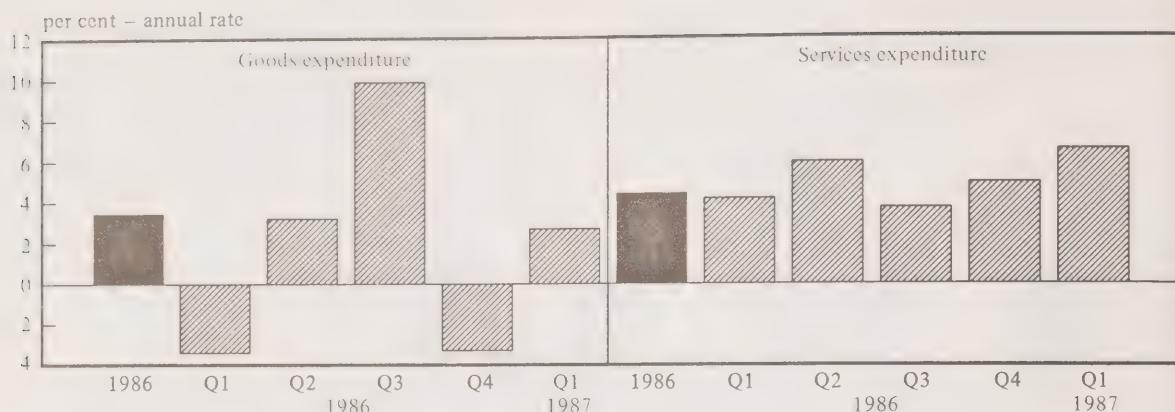


Real consumer expenditure increased at an annual rate of 4.4% in the first quarter, following weak growth of 0.3% in the fourth quarter of 1986 (Chart 2.1). The growth in consumption was supported by a reduction in the personal savings rate, as real personal disposable income growth slowed.

The personal savings rate continued the decline evident since 1985, following a small increase in the fourth quarter (Chart 2.2). At 9.5%, the savings rate was at its lowest level since the second quarter of 1974.

Chart 2.3

Change in Real Consumer Expenditure on Goods and Services



Real expenditure on goods rose in the first quarter, following a decline in the previous quarter (Chart 2.3), as personal expenditure on automobiles and related products was up almost 19% (annual rate), following a 27.1% decrease in the previous quarter. The growth in goods consumption contributed significantly to the rebound in total consumer expenditure. Real consumer expenditure on services continued to show strong and relatively stable growth.

The buoyant housing market has had a positive impact on consumer spending in recent quarters. The strong growth of spending on household furniture and appliances continued as households furnished their recently acquired accommodations (Chart 2.4). The rent component of service expenditure (paid rent plus the value of rent imputed to owner-occupied housing) also showed strong and stable growth. Rents account for nearly 40% of total service expenditure.

Chart 2.4

Change in Real Consumer Expenditure on Household Furniture and Appliances, and on Rent

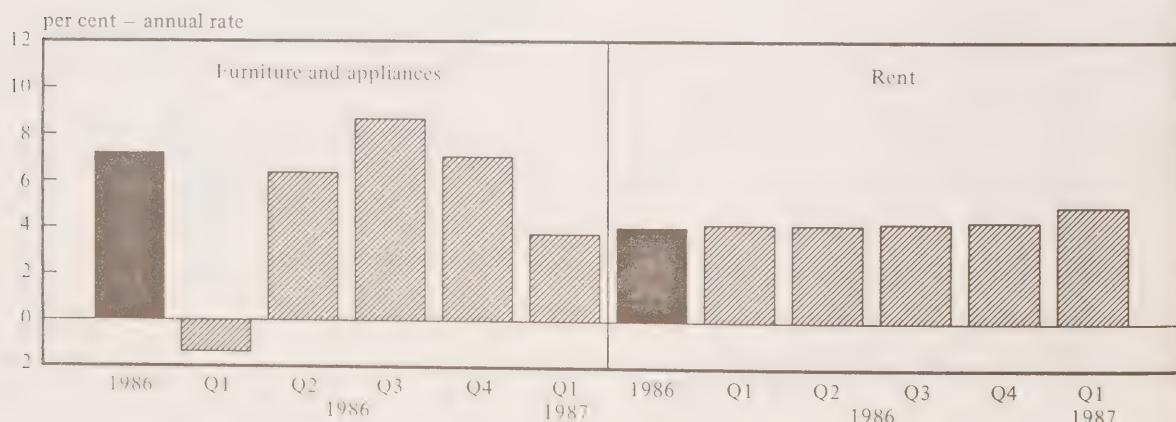


Chart 2.5

Change in Personal Income by Category

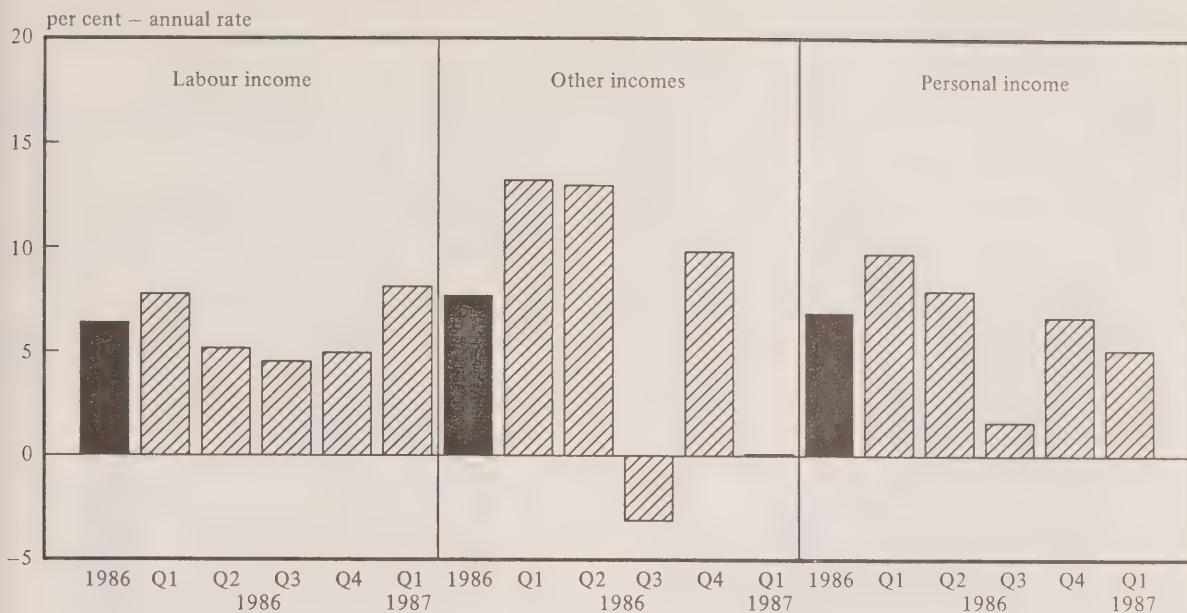
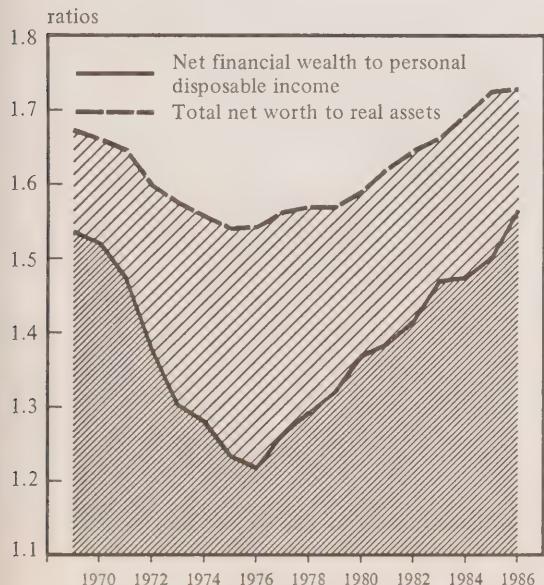


Chart 2.6

Personal Wealth

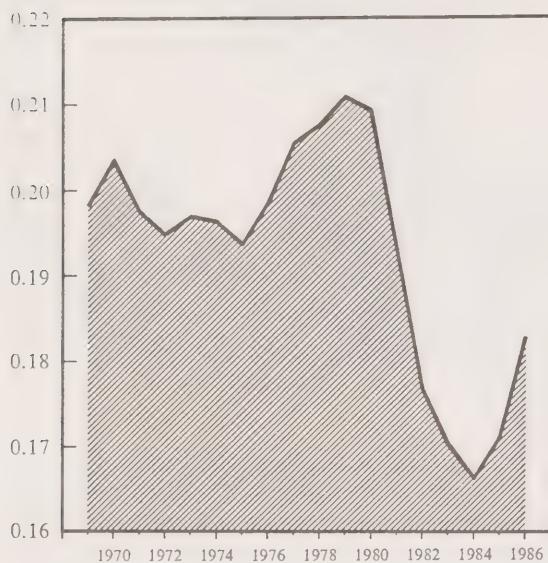


Growth of personal income slowed in the first quarter (Chart 2.5) despite a strong increase in labour income which reflected the strength in employment growth. Non-labour income growth was flat.

Despite the decline in the personal savings rate in recent years, consumers remain in a strong wealth position. Net worth in the personal sector increased by 8.7% in 1986 while personal net financial assets were up 9%. As a result, the ratio of personal financial wealth to personal disposable income increased further in 1986 and the ratio of net worth to real assets remained high (Chart 2.6). These two ratios indicate an improved liquidity position of consumers in general which was reflected in the first-quarter rise in the Conference Board's Index of Consumer Attitudes.

Chart 2.7

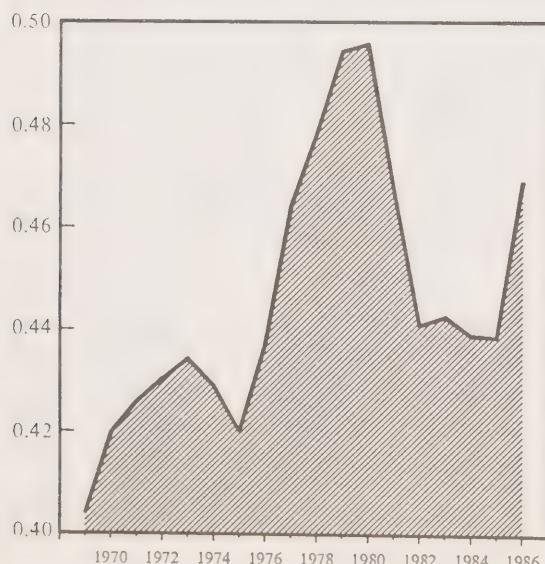
**Ratio of
Consumer Credit Outstanding
to Personal Disposable Income**



The increase in consumers' net financial wealth in 1986 was the result of substantial increases in both assets and liabilities. Because of their healthy financial position and high level of confidence, consumers have been willing to increase their indebtedness to make purchases, mostly of durable goods such as cars and furniture. The willingness of consumers to spend has been reflected in recent increases in the ratio of consumer credit outstanding to personal disposable income (Chart 2.7).

Chart 2.8

**Ratio of
Mortgage Debt
to Personal Disposable Income**

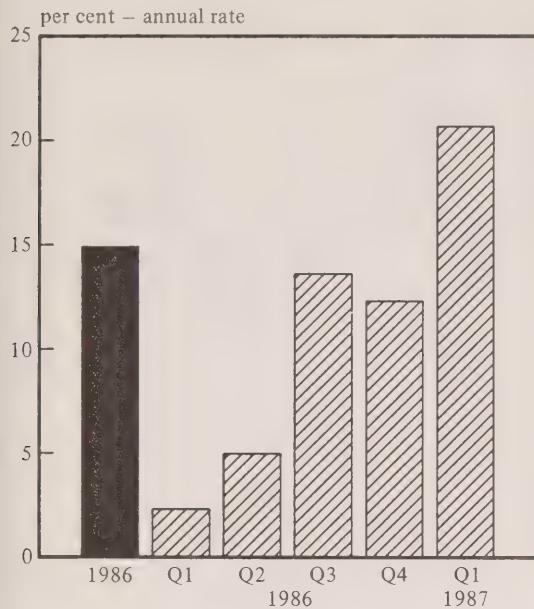


The strong activity in the housing market has produced a substantial increase in personal sector mortgage liabilities. The ratio of personal sector mortgages to personal disposable income rose sharply in 1986 (Chart 2.8). Increased mortgage liabilities corresponded to an accumulation of real wealth in the form of residential structures.

3. Housing Sector

Chart 3.1

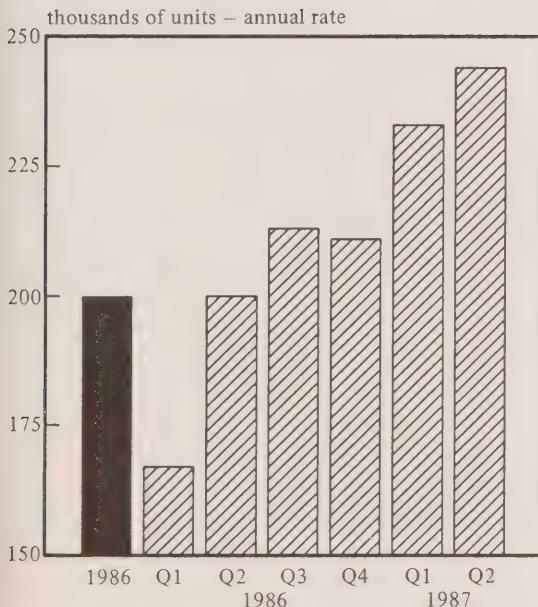
Change in Real Residential Investment



Total residential investment in real terms again increased strongly in the first quarter of 1987 (Chart 3.1). Since the end of 1984, residential investment has contributed over 25% of total GDP growth even though it represents only 6 to 7% of the level of real GDP. Favourable demand and supply conditions encouraged strong growth in all components of residential investment but particularly in real estate commissions and expenditure on new house construction.

Chart 3.2

Housing Starts

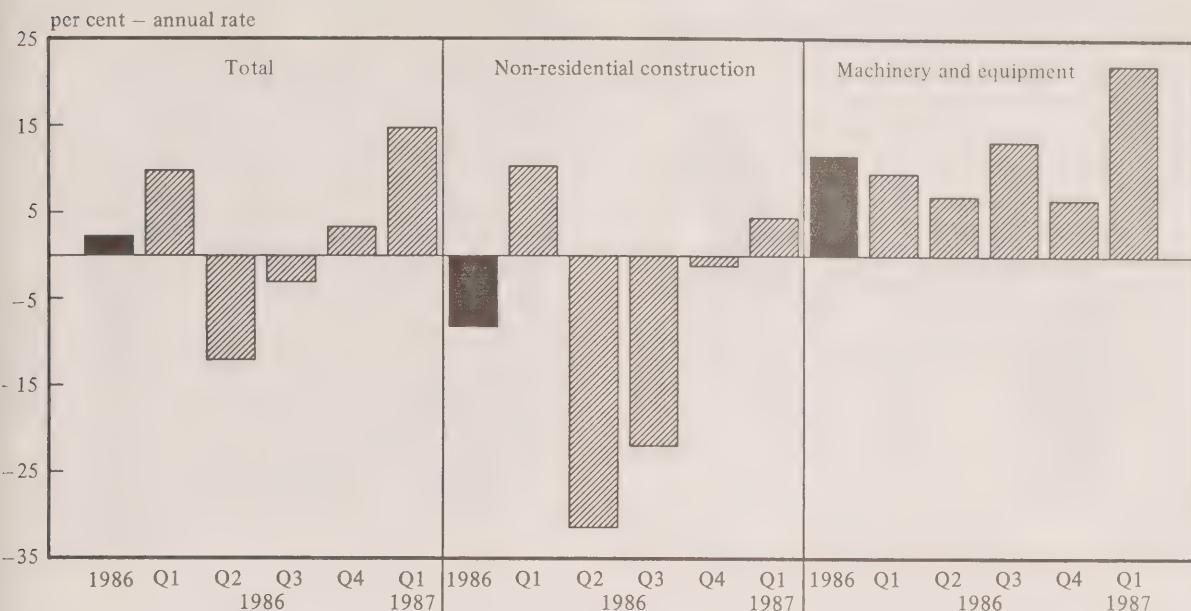


In the first quarter of 1987, housing starts were at a nine-year high and preliminary data suggest that starts will be even higher in the second quarter (Chart 3.2). The factors underlying this strength are discussed in greater detail in the special report in this issue.

4. Business Non-Residential Investment

Chart 4.1

Change in Real Business Non-Residential Investment



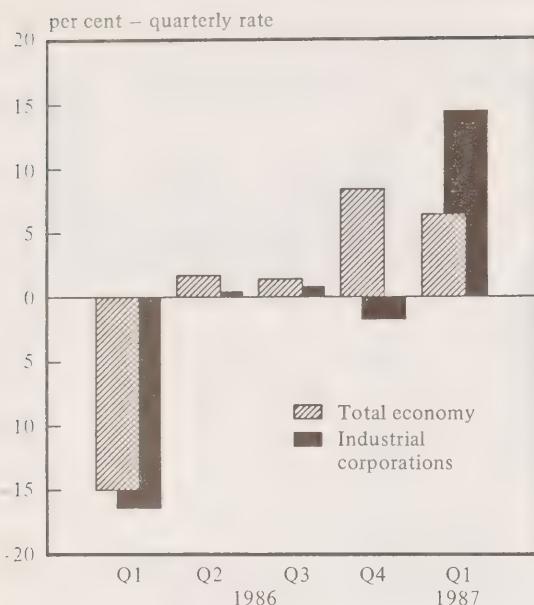
Growth in business investment has strengthened markedly in the past four quarters. From a decline of 12.1% at annual rates in the second quarter of 1986, growth in real non-residential investment increased to 14.7% in the first quarter of 1987.

- Dominating the turnaround in investment has been a pick-up in non-residential construction (Chart 4.1) from substantial declines in mid-1986 when oil and gas investment fell sharply with the fall in world oil prices. In the past two quarters, oil and gas exploration and development have started to recover. Improved cash flow due to higher oil prices, the elimination of the federal government's Petroleum and Gas Revenue Tax (PGRT) and provincial tax incentives for oil and gas investment contributed to this improvement. Construction outside the oil and gas sector also contributed to the improvement in non-residential construction as indicated by a 67% rise (annual rate) in the value of commercial and industrial work put in place in the first quarter.

- Machinery and equipment investment, on the other hand, has grown strongly for the past two years, reflecting strong investment conditions in non-energy related industries. In the first quarter of 1987, machinery and equipment investment increased 22.1% at annual rates – the strongest increase since mid-1985. Statistics Canada's Private and Public Investment Survey indicates that forthcoming increases in machinery and equipment investment in 1987 should be widespread with particular strength expected in paper and allied industries, primary metals, telecommunications and electric power generation.

Chart 4.2

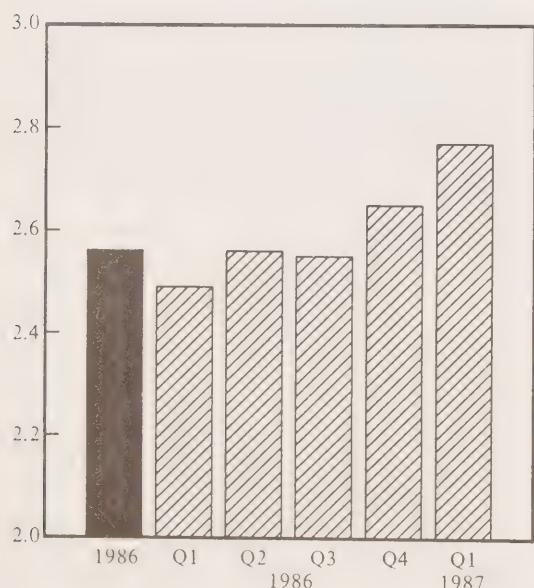
Change in Corporate Profits Before Taxes



Profits were volatile in 1986, with the sharp drop in the first quarter of last year due largely to developments in international oil and grain markets. Underlying the recent increase in investment has been a significant improvement in overall business conditions. Total corporation profits before taxes increased a strong 6.4% (28.2% at an annual rate) in the first quarter, following an even stronger 8.4% increase (38.0% at an annual rate) in the fourth quarter of 1986 (Chart 4.2). The first quarter increase in profits was particularly strong in the resource industries due to upswings in international prices of oil and paper products, the ending of a B.C. woodworkers strike, and foreign currency gains.

Chart 4.3

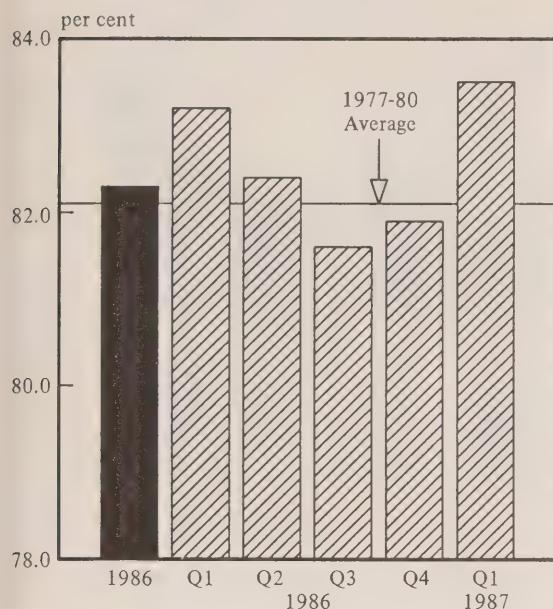
Interest Coverage Ratio of Industrial Corporations



The improvement in profits over the last year has led to a steady improvement in corporate liquidity. In the first quarter, industrial corporations interest coverage (profits plus interest divided by interest costs) reached its highest level in over a year (Chart 4.3). This has improved the ability of corporations to make additional investment expenditures. However, liquidity remains below the levels reached in 1985 before the sharp fall in oil prices significantly reduced profits and liquidity in the petroleum sector.

Chart 4.4

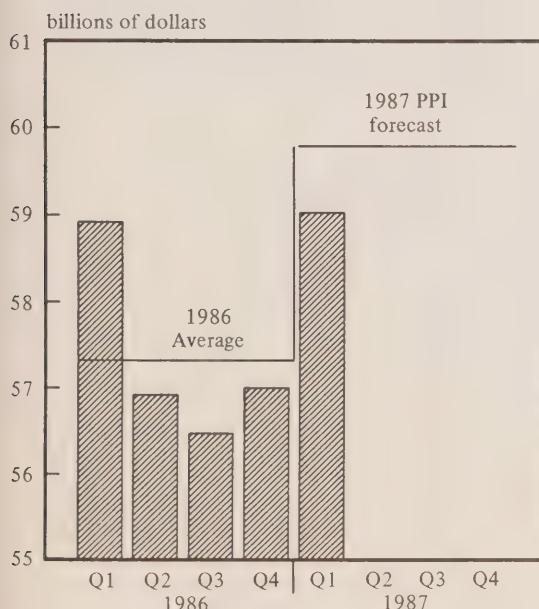
Goods Sector Capacity Utilization Rate (Bank of Canada Measure)



Capacity utilization of goods-producing industries has improved noticeably in the last two quarters to above its average in the four years prior to the recession (Chart 4.4). The largest increases in utilization rates in the first quarter occurred in forest-related industries such as forestry, wood, and paper and allied products, where utilization rates reached 95% or higher. This reflects, in part, the positive competitive effects of the sizeable depreciation of the Canadian dollar against overseas currencies over the last 1 1/2 years.

Chart 4.5

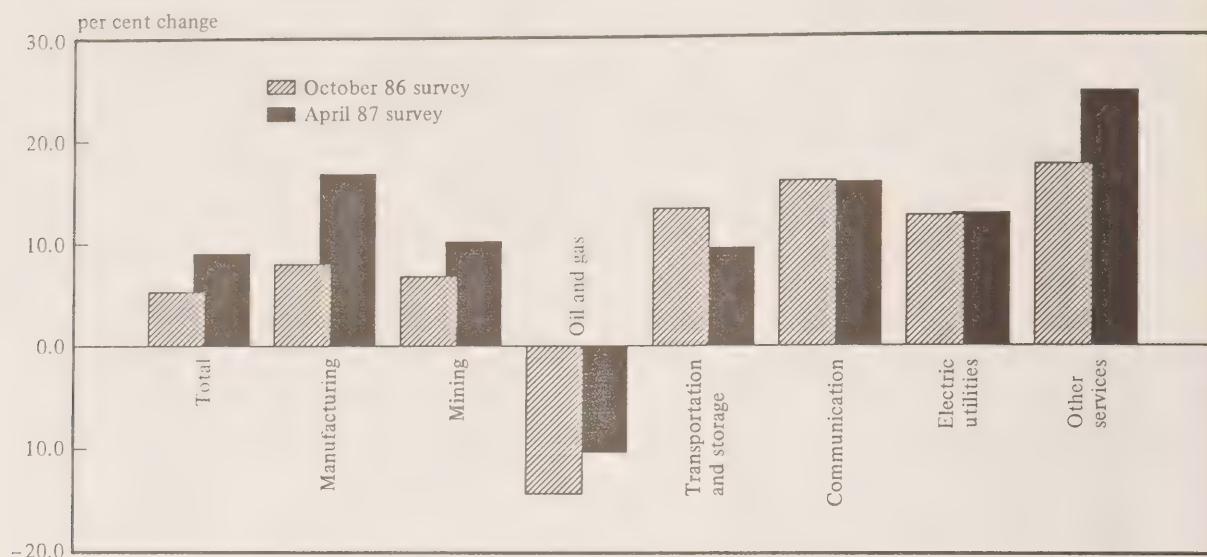
Nominal Business Investment and the PPI Forecast



The investment outlook for the rest of 1987 is strong. Statistics Canada's preliminary Private and Public Investment (PPI) survey, released in March of this year, indicated businesses expect to increase nominal investment spending by 4.3% in 1987 (Chart 4.5). The improvement in business conditions since the PPI survey was taken (between November 1986 and February 1987) has likely increased actual investment intentions above the PPI survey results as the recent Department of Regional Industrial Expansion (DRIE) large establishments survey suggests.

Chart 4.6

DRIE Survey of Investment Intentions for 1987 by Industry



The impact of recent improvements in business conditions is illustrated by the change in investment intentions of large corporations reported in the DRIE April survey.

- Large corporations indicated they planned to increase nominal investment expenditures in 1987 by 9.0%, up from 5.3% in the October 1986 survey.

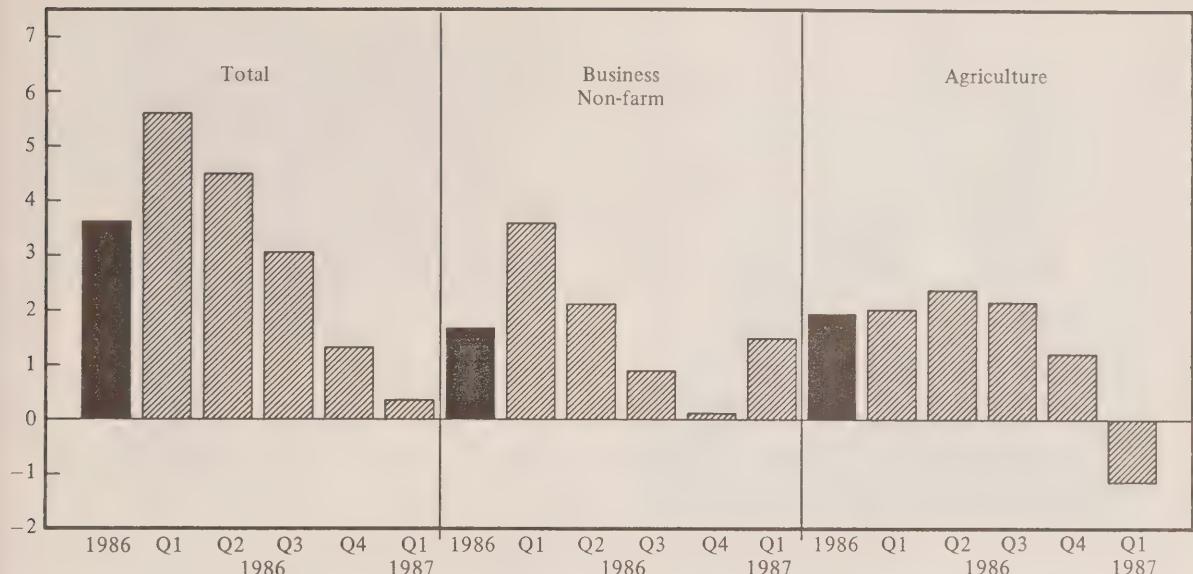
- After adjusting for inflation, capital spending in real terms is expected to increase 4.9% in 1987.
- This improvement in investment intentions was shared by every major industry except transportation and storage (Chart 4.6). Only the oil and gas sector continued to expect a decrease in investment outlays in 1987 relative to 1986, although this expected decline is less than in the October survey.

5. Inventories

Chart 5.1

Real Inventory Investment

billions of 1981 dollars



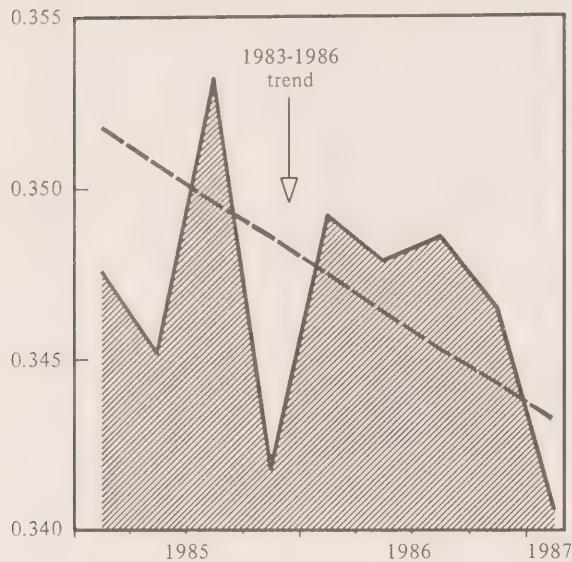
Real non-government inventory investment fell by close to \$1.0 billion in the first quarter of 1987. An upturn in business inventory investment was not sufficient to offset a large decline in investment in farm inventories. This was the fourth consecutive quarterly decline in real non-government inventory investment from the recent peak of \$5.7 billion in the first quarter of 1986. This decline resulted in a weakening of real GDP growth by more than 1% over the period.

- Real business non-farm inventory investment increased to \$1.5 billion in the first quarter from only \$0.1 billion in the previous quarter. However, this level of business inventory investment remained well below its average of \$2.6 billion in the previous three years, indicating that a further increase in business non-farm inventory expenditures might be expected in coming quarters.
- The upturn in business non-farm inventory accumulation in the first quarter reflected an increase in trade-sector inventory investment, led by upward swings in wholesale inventories of motor vehicles and petroleum products.

- The continued decline in inventory investment in the first quarter was the result of a \$2.3 billion decline in farm inventory investment to a decumulation of \$1.1 billion. This large decumulation reflected increases in grain exports and a modest decline in expected agricultural production. The volume of wheat exports rose a further 20.8% in the first quarter, following a 66% increase in the fourth quarter with the increase going largely to the U.S.S.R. under a long-term agreement signed in October 1986.

Chart 5.2

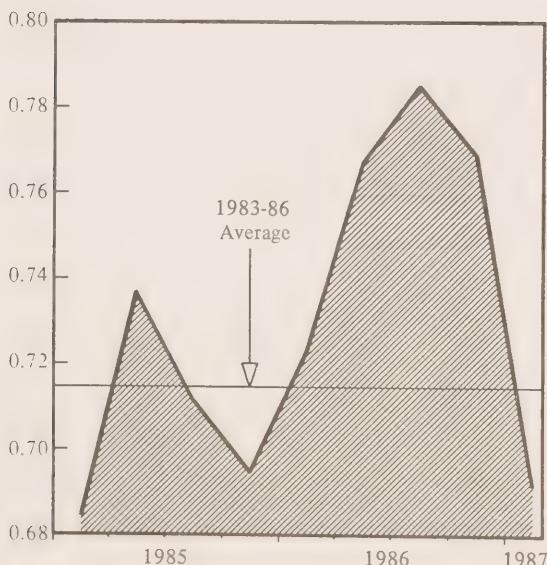
Business Inventory-to-Sales Ratio for Goods



In the first quarter of 1987, the business inventory-to-sales ratio for goods fell significantly below its 1983-1986 trend (Chart 5.2). The drop in the ratio reflects both below-average inventory investment in the past two quarters and strong increases in sales of goods in the first quarter. The current low level of inventories relative to sales suggests the possibility of a significant pick-up in inventory investment in the coming quarters.

Chart 5.3

Agriculture Inventory-to-Sales Ratio

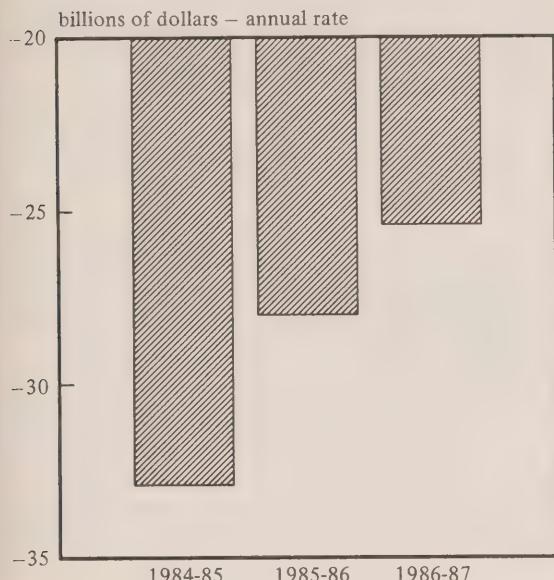


The significant improvement in grain sales in the last two quarters, combined with modest declines in seasonally adjusted agriculture production in the first quarter of 1987, have pushed the agriculture inventory-to-sales ratio below its average over the 1983 to 1986 period (Chart 5.3).

6. Government Sector

Chart 6.1

Federal Balance (CIEA Basis)



The federal government deficit on a Canadian Income and Expenditure Accounts (CIEA) basis averaged \$25.4 billion (s.a.a.r.) in 1986-87, down considerably from \$28 billion in 1985-86 and almost \$33 billion in 1984-85 (Chart 6.1). For 1986-87, total expenditures rose 4.8% while revenues advanced 9.4% (Chart 6.2).

Restraint in federal government operations was evident in the modest growth in spending on goods and services. More rapid expenditure growth was recorded for transfers to persons, notably old age security benefits, and for transfers to other levels of government, reflecting the impact of prior-year adjustments. Revenue growth was led by increased direct taxes on persons and indirect taxes. Direct corporate taxes fell, reflecting the weakness in profits of the upstream oil and gas sector as well as the elimination of the Petroleum and Gas Revenue Tax.

Chart 6.2

Change in Federal Government Revenues and Expenditures, 1986-87 (CIEA Basis)

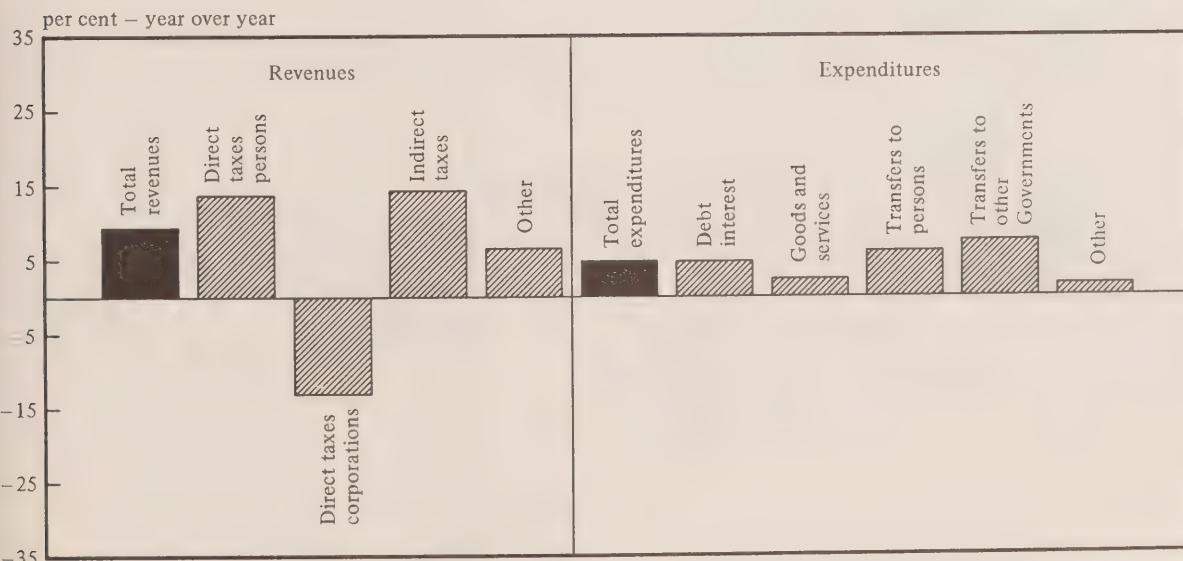
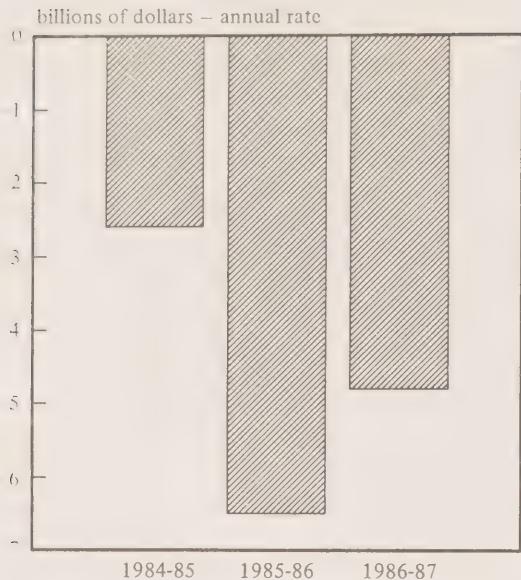


Chart 6.3

**Provincial, Local and Hospitals Balance
(CIEA Basis)**

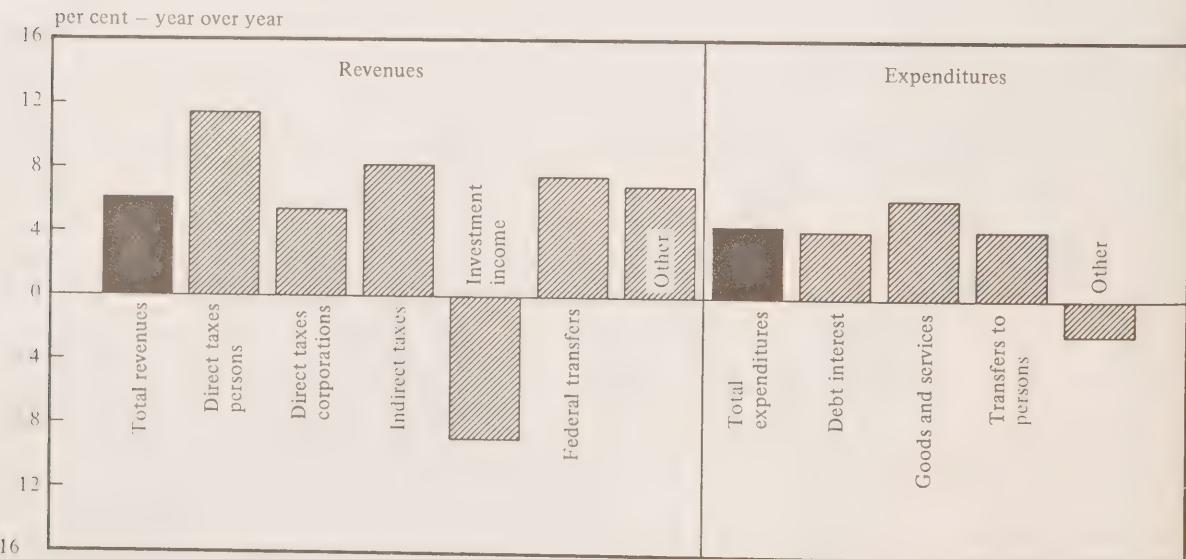


The consolidated provincial-local-hospital (PLH) sector deficit averaged \$4.8 billion in 1986-87, compared to \$6.5 billion in 1985-86 and \$2.6 billion in 1984-85 (Chart 6.3). In 1986-87 expenditures rose 4.5% while revenues were up 6.1% (Chart 6.4).

Expenditure growth in the PLH sector was led by increased spending on goods and services. The "other" category of expenditures declined in absolute terms as both subsidies and capital formation fell. Revenue growth was led by increased direct taxes persons, indirect taxes and federal transfers. The growth in revenues was moderated by the decline in investment income reflecting a drop in royalties, the result of the decline in oil and gas prices in 1986.

Chart 6.4

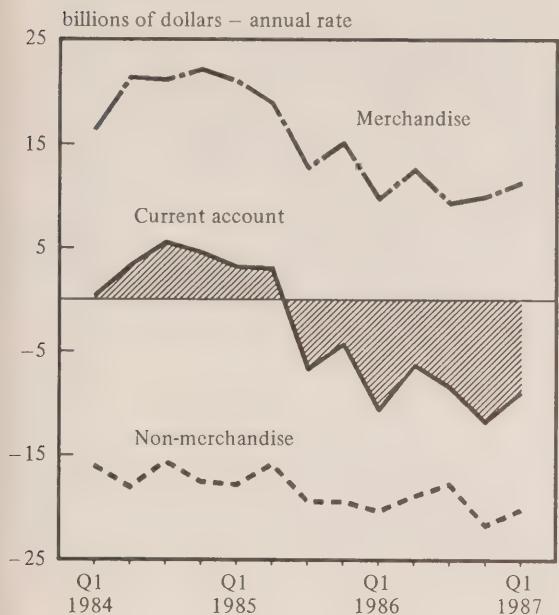
Change in Provincial and Local Governments and Hospitals Revenues and Expenditures, 1986-87 (CIEA Basis)



7. Foreign Trade and International Developments

Chart 7.1

Current Account Balance



The current account balance improved substantially in the first quarter of 1987, as the deficit decreased to \$8.9 billion from \$11.7 billion in the fourth quarter of 1986 (Chart 7.1). The nominal merchandise trade surplus rose for the second consecutive quarter to \$11.3 billion, while the non-merchandise trade deficit narrowed to \$20.2 billion due mainly to a sharp reduction in dividend payments to non-residents. In April and May, the average merchandise trade surplus increased significantly to \$14.8 billion.

Chart 7.2

Change in Real Merchandise Exports and Imports

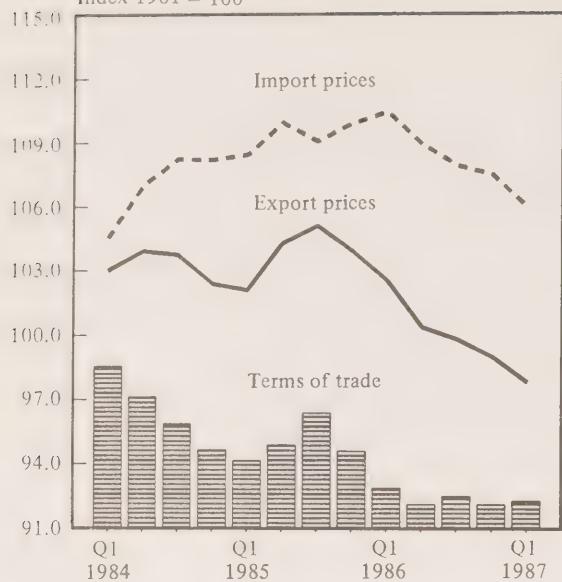


The merchandise trade surplus in real terms continued to increase in the first quarter, reaching \$20.4 billion from \$19.0 billion in the fourth quarter of 1986. Real exports increased for the third consecutive quarter while the growth in imports continued to decrease (Chart 7.2). Export demand for fabricated materials, wheat and raw materials remained strong. Imports of machinery and equipment increased at a much slower rate while imports of precious metals dropped. The real merchandise trade surplus continued to increase in April and May, reaching an average of \$23.8 billion.

Chart 7.3

Terms of Trade

Index 1981 = 100

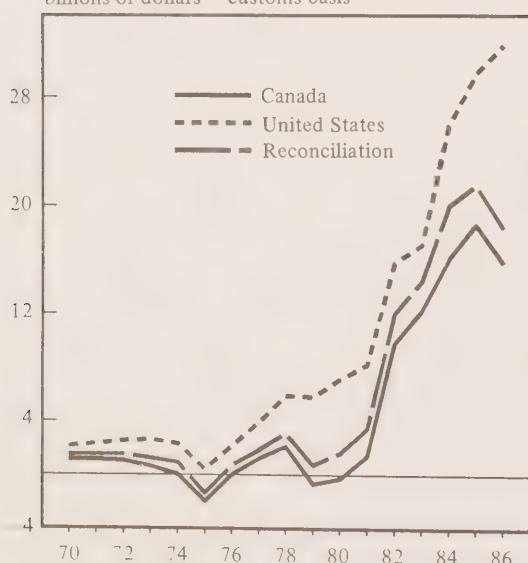


Export prices in the first quarter of 1987 decreased for the sixth consecutive quarter, reflecting lower export prices for wheat and other base products as well as the impact of the appreciation of the Canadian dollar against G-10 countries in the first quarter of 1987. However, import prices of all major groups of merchandise also decreased due to the higher value of the dollar. Overall, the terms of trade improved slightly in the first quarter (Chart 7.3).

Chart 7.4

Canada-U.S. Merchandise Trade Reconciliation

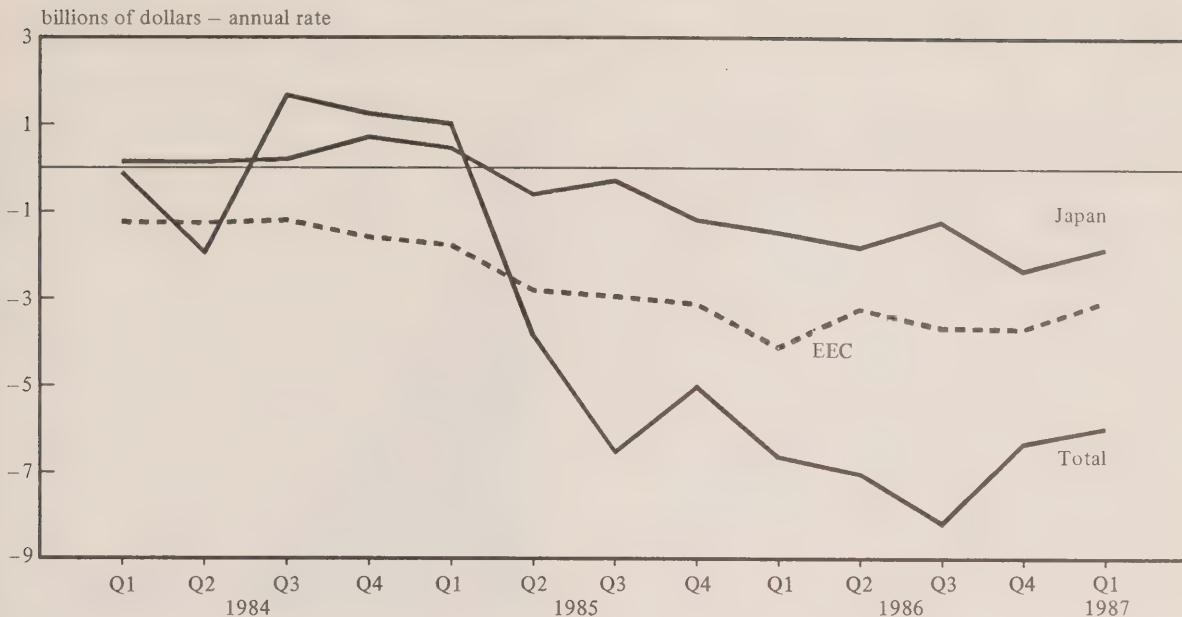
billions of dollars – customs basis



The recently released reconciliation of merchandise trade data between Canada and the United States shows a large downward revision in the U.S. trade deficit with Canada as published by the U.S. (Chart 7.4). Exports from the U.S. to Canada were revised up by \$14.3 billion and consequently the U.S. deficit with Canada was revised down from \$31.8 billion to \$18.4 billion. The Canadian trade surplus with the U.S., as published by Canada, was revised up from \$15.8 billion to \$18.4 billion. The recent larger revisions to the U.S. published data are mainly attributed to the underfiling of U.S. export documents.

Chart 7.5

Merchandise Trade Balance with Overseas Countries



In the first quarter of 1987, the merchandise trade deficit with overseas countries diminished for the second consecutive quarter, reaching \$6.0 billion in nominal terms. The merchandise trade deficits with both Japan and the EEC improved markedly during the quarter (Chart 7.5). Improved competitiveness, due in part to the sharp depreciation of the Canadian dollar against the currencies of overseas countries in recent years, is one of the main reasons for the improved trade balance with overseas countries.

Exports to overseas countries increased strongly for the third consecutive quarter, especially exports of manufactured products such as fabricated materials (which have been subject to a certain amount of processing) and finished products.

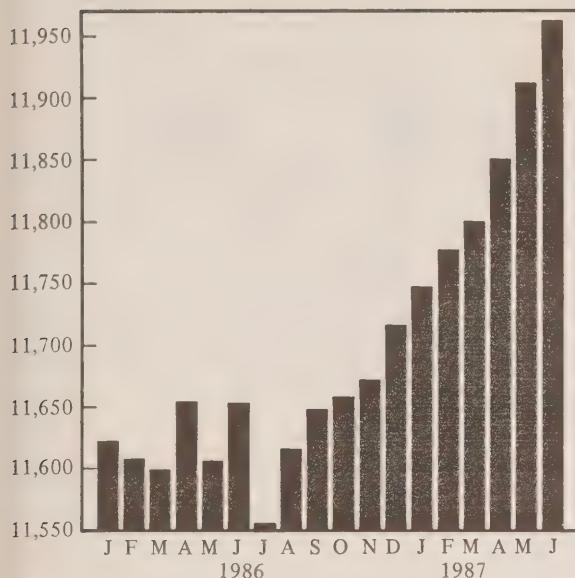
In April and May, the average merchandise trade deficit with overseas countries continued to decrease, reaching \$4.3 billion.

8. The Labour Market

Chart 8.1

Employment Since January 1986

thousands



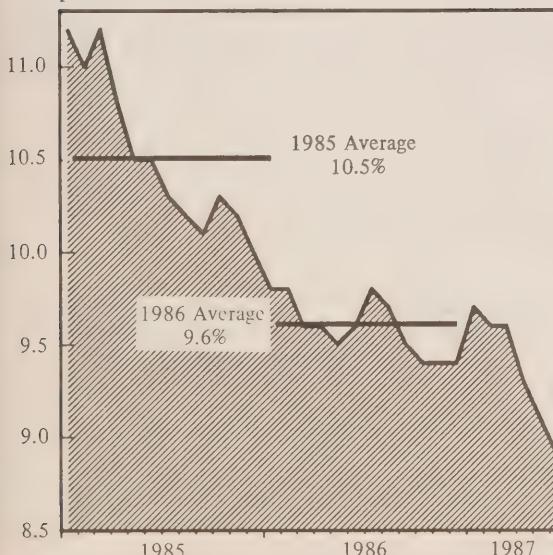
Employment increased sharply in the first half of 1987, reaching 11,962,000 in June. The steadiness, breadth and full-time nature of employment gains over the last eleven months point to strong underlying labour demand. Employment has grown at an annual pace of 3.8% since July 1986 (406,000 jobs). In the first six months of 1987, employment grew at an even stronger annual pace of 4.2%.

Other indicators of the strength of labour demand are the nine consecutive monthly increases in full-time employment and the near-record levels in average hours worked per employee for the recovery period.

Chart 8.2

The Unemployment Rate

per cent



In 1986 and into early 1987, the unemployment rate had stabilized within a narrow band around an average of 9.6%. In recent months, the unemployment rate has declined sharply. The rate dropped 0.7 percentage point between March and June to 8.9% – the lowest rate since February 1982 and 3.9 percentage points below its recession high.

Both adult and youth unemployment rates have dropped sharply in 1987. The youth unemployment rate is at its lowest level since August 1981.

Chart 8.3

Employment in Major OECD Countries since the Recession

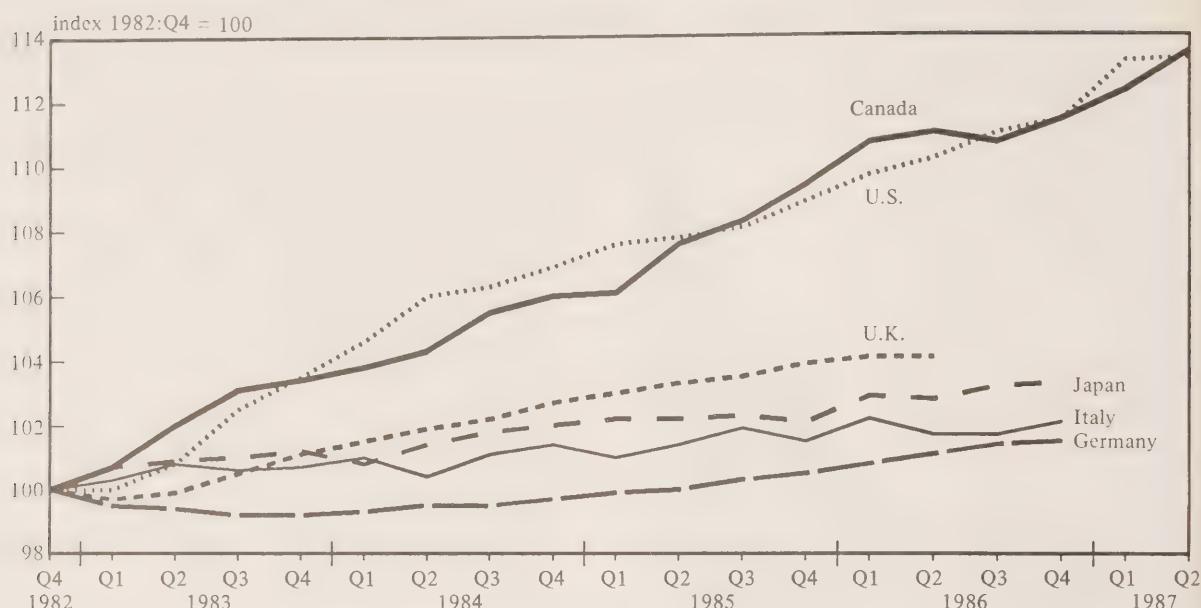
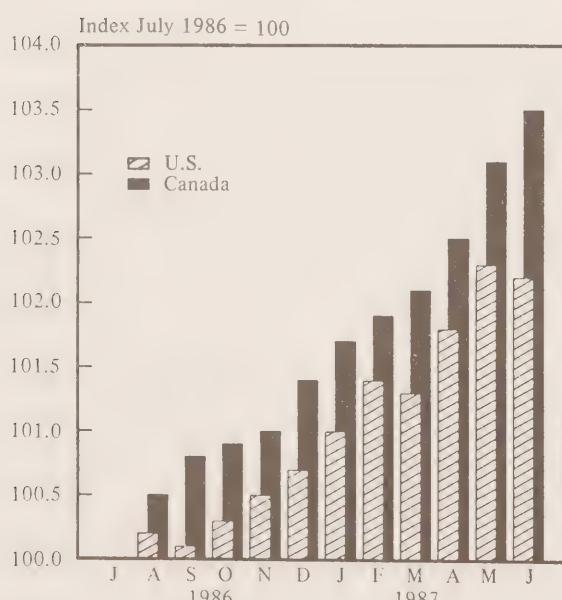


Chart 8.4

Employment in Canada and the U.S. Since July 1986



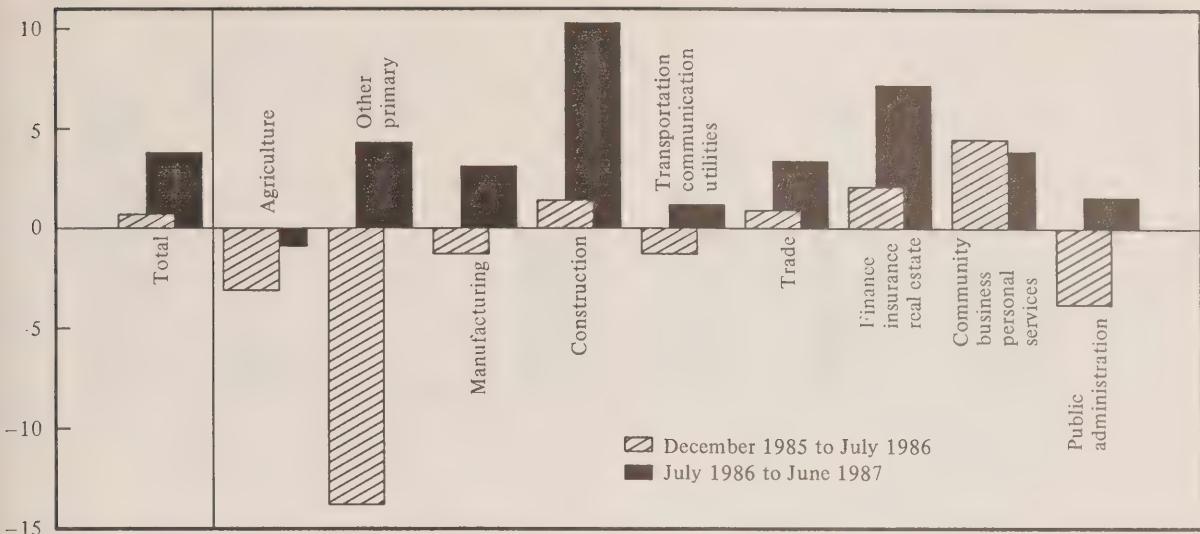
Canada's employment performance has outpaced that of all other major OECD nations since the end of the 1982 recession. Along with the U.S., Canada has seen the strongest employment growth over the last 4 1/2 years – increasing at an average pace of 2.9% per year, about twice as fast as the strongest of the other OECD members (Chart 8.3).

After sluggish growth in the first half of 1986, employment growth in Canada has considerably outpaced that of the U.S. since July 1986 (Chart 8.4).

Chart 8.5

Change in Employment by Industry Since December 1985

per cent – annual rate



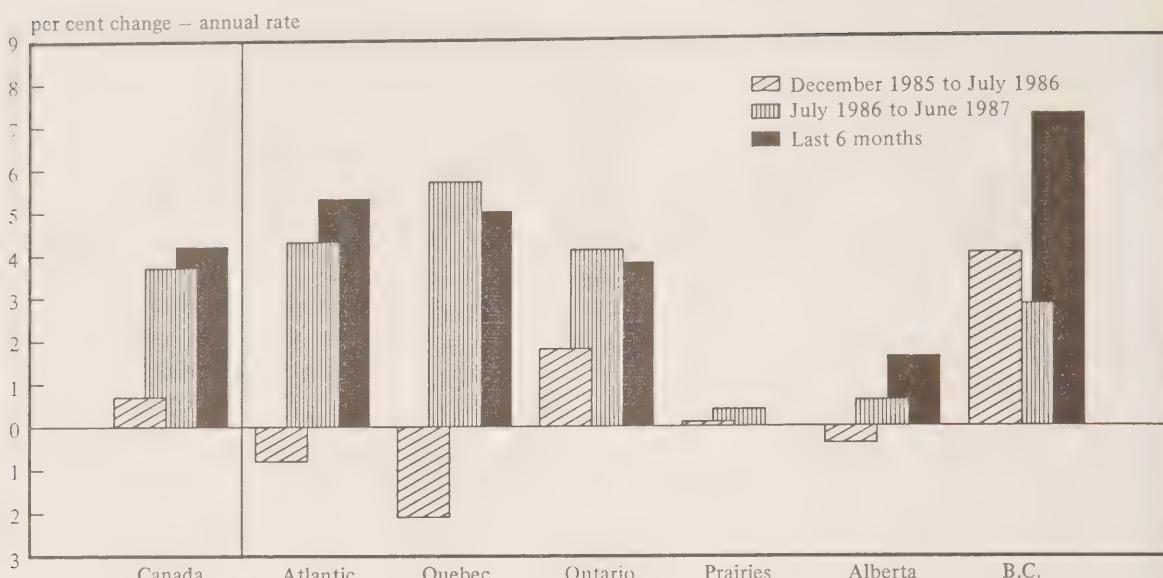
An encouraging feature of the recent employment growth is the broadening of the gains across age groups, industries and regions.

- In the first seven months of 1986 – the period of adjustment to weak primary products prices, and especially sharply falling petroleum and grain prices – employment growth in most service industries was mostly offset by declines in the goods industries (particularly in the primary sector). Within goods industries, only construction employment increased, reflecting increased housing activity (Chart 8.5).

- Since July 1986, the industrial distribution of employment growth has broadened significantly as growth in service industries has continued and all the goods industries except agriculture have experienced a rebound in employment growth. The rebound has been particularly strong in non-agricultural primary and manufacturing industries, reflecting an upward trend in manufacturing output during that period. Construction employment growth has also increased sharply.

Chart 8.6

Change in Employment by Region Since December 1985



As a result of the broadening of employment gains by industry, job creation is becoming more widespread regionally.

- In the first half of 1986, employment gains were largely concentrated in Ontario and British Columbia (Chart 8.6).
- Since July 1986, employment has recovered in all regions, but has slowed somewhat in B.C. which, in the last half of 1986, was affected by the end of Expo 86 and a long strike in the forestry sector. The recovery has been the most notable in Quebec and the

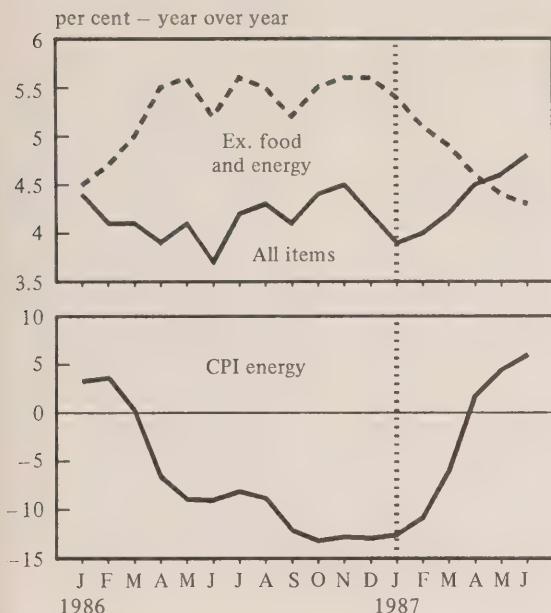
Atlantic region. Employment in the Prairie region has increased more strongly, reflecting a turnaround in employment in Alberta.

- The strong growth in employment since July 1986 was even more evident in the last six months. During this last period, employment growth increased further in Alberta and the Atlantic region which were hard hit in early 1986 by the decline in oil and grain prices. Employment also picked up in B.C. where the wood industry has experienced particularly strong growth.

9. Price and Wage Sector

Chart 9.1

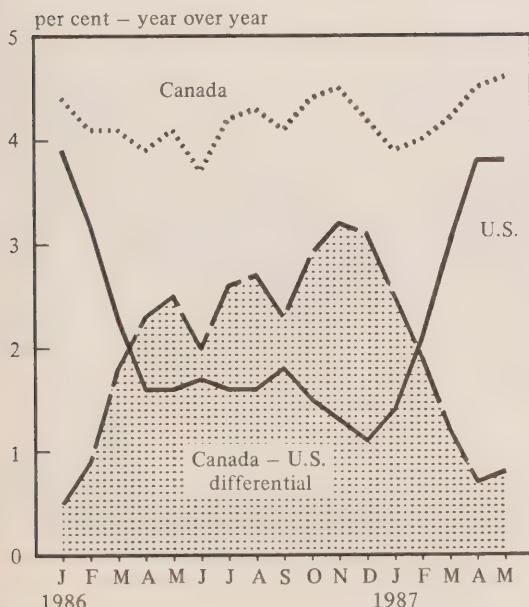
CPI Inflation



The year-over-year increase in the all-items CPI rose from 3.9% in January to 4.8% in June. Increases in energy prices, following the sharp declines in early 1986, and increases in food prices in May and June put upward pressure on inflation. As well, the impact of higher indirect taxes in 1986 also exerted upward pressure on year-over-year measures of inflation. Excluding food and energy, the year-over-year increase in the CPI has actually declined from 5.4% in January to 4.3% in June.

Chart 9.2

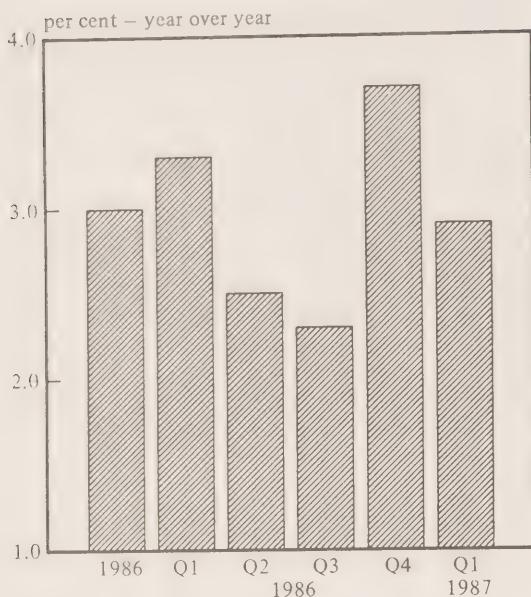
Canada – U.S. Inflation Differential



The large differential which had developed between inflation in Canada and the U.S. during 1986 has narrowed considerably since the beginning of this year. From 3.1 percentage points in December 1986, the differential decreased to less than one point in recent months (Chart 9.2). The reduction in the differential is explained by the recent rebound in U.S. inflation.

Chart 9.3

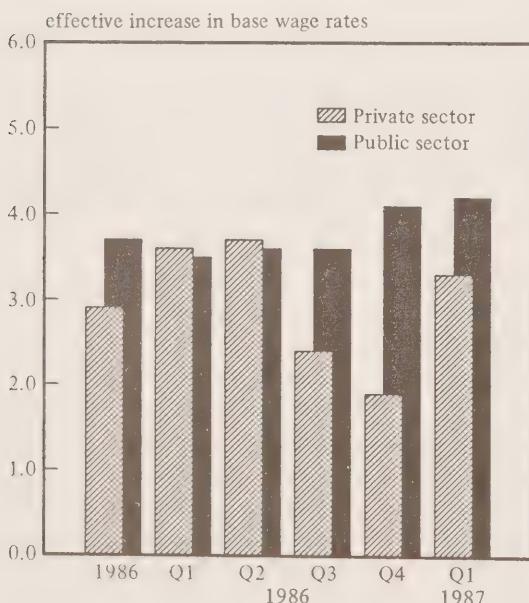
Change in Unit Labour Costs



Despite the recent rise in CPI inflation, increases in costs remain moderate. The year-over-year increase in unit labour costs fell to 2.9% in the first quarter (Chart 9.3), from 3.7% in the fourth quarter of last year and a 3.0% annual average in 1986. Underlying the improved unit labour costs was an increase in productivity growth to 1.2% on a year-over-year basis in the first quarter of 1987. The quarter-to-quarter improvement in productivity was more pronounced, with output per employed person increasing 3.0% at an annual rate.

Chart 9.4

Wage Settlements (all agreements)



The effective increase in average annual wage settlements in the first quarter of 1987 was 4.0%, up from 3.3% in the preceding quarter. Private sector wage settlements rose from their low levels registered in the second half of 1986 (Chart 9.4), although the current level of 3.3% is only slightly above the 2.9% annual average for 1986. Public sector settlements were virtually unchanged at 4.2% in the first quarter from the fourth quarter level, but were up from the 3.7% annual average in 1986.

10. Financial Sector

Chart 10.1

The Bank of Canada Lending Rate (Month-End Value)

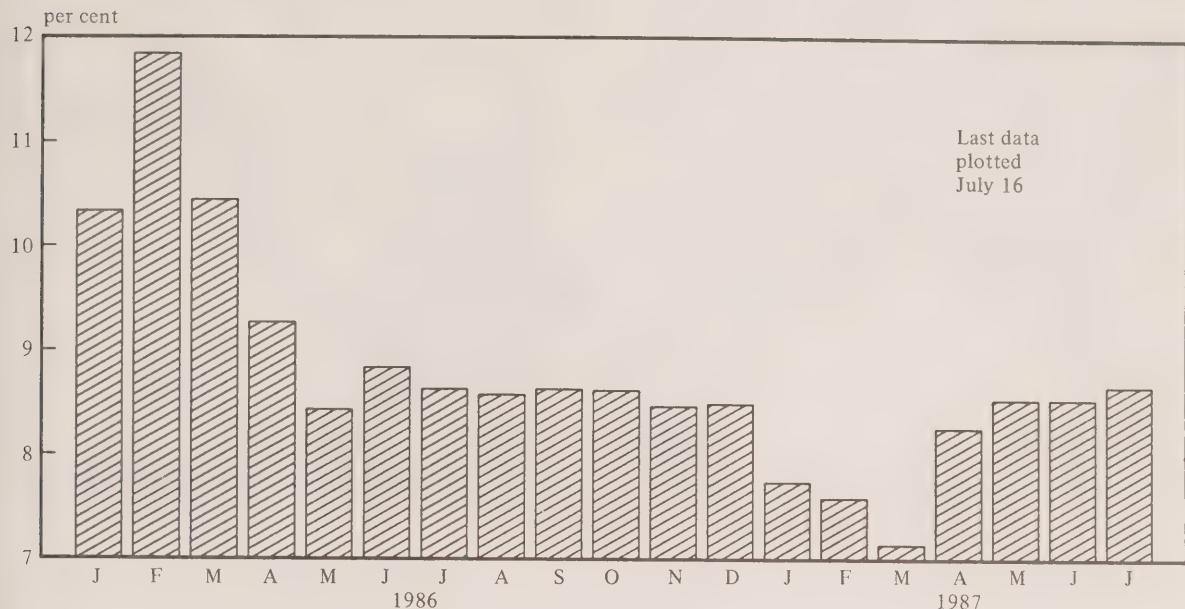
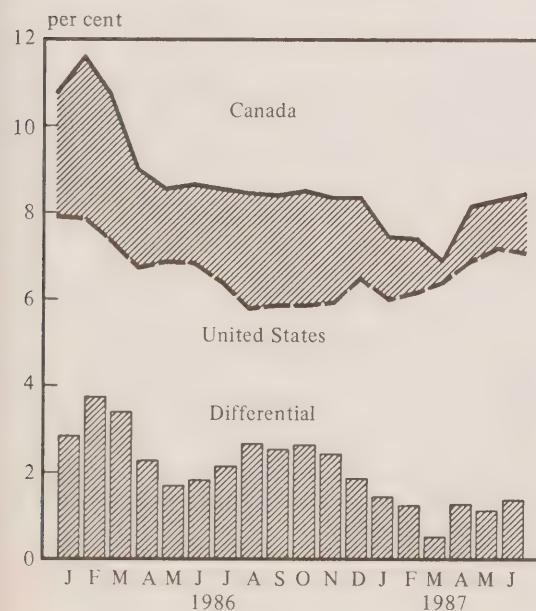


Chart 10.2

90-Day Commercial Paper Rate In Canada and the U.S.



U.S. interest rates have increased somewhat since the beginning of the year as the U.S. Federal Reserve took steps to support the depreciating U.S. dollar. Early in the year, Canadian interest rates declined as the Canadian dollar rose sharply against the U.S. dollar. As a result, by the end of March the Bank Rate was at a fourteen-year low (Chart 10.1) and the uncovered differential on 90-day commercial paper had fallen to 0.5 percentage point (Chart 10.2). Since then, U.S. interest rates have risen further, and Canadian rates have also increased. In mid-July the differential on 90-day commercial paper increased to 1.75 percentage points, a six-month high.

Chart 10.3

**Canadian Dollar
(Average Noon Value)**

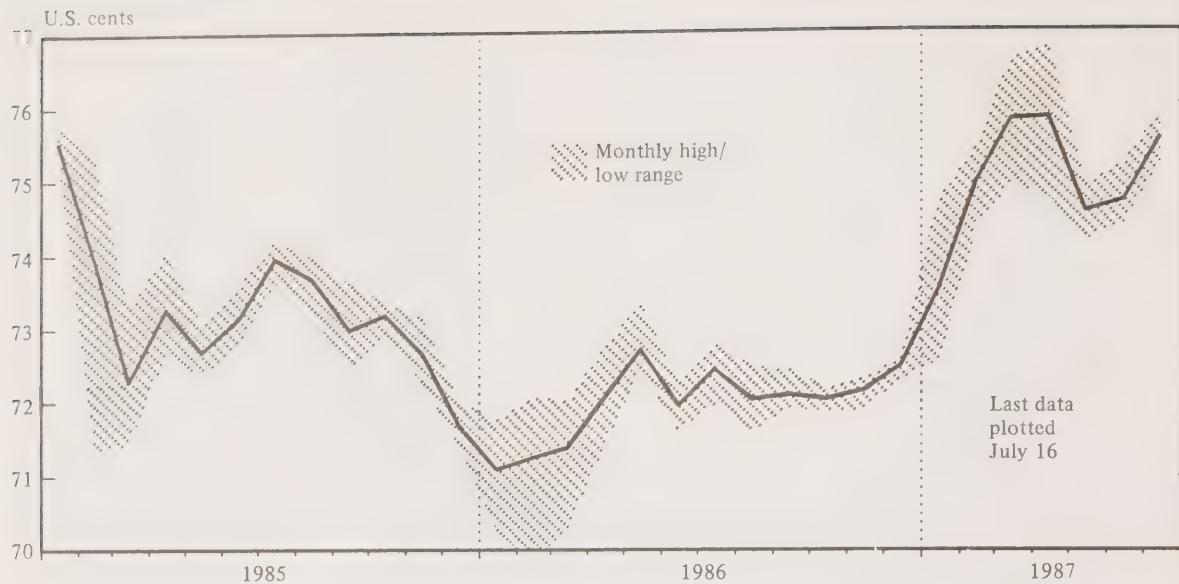
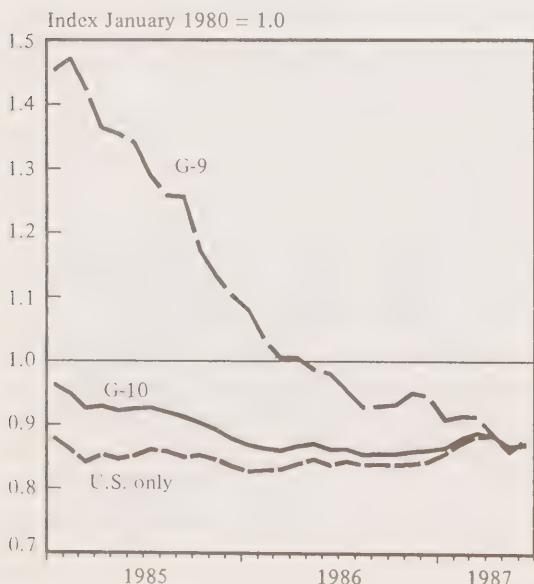


Chart 10.4

**Value of Canadian Dollar
Relative to Major Trading Partners
(Average Noon Value)**

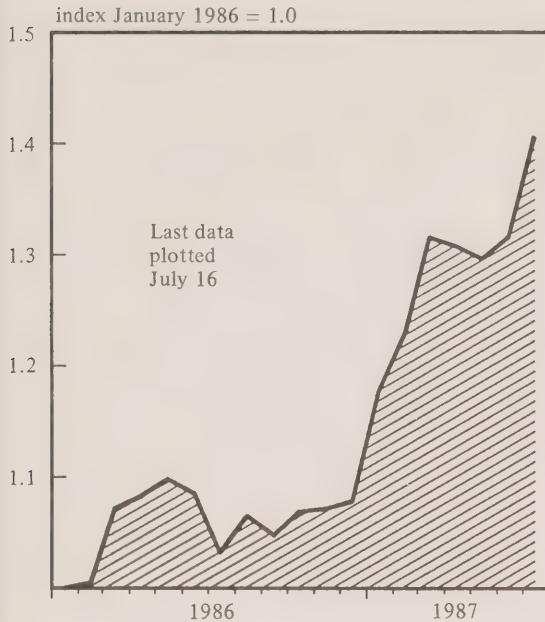


The value of the Canadian dollar relative to the U.S. dollar has fallen somewhat since its strong rise in early 1987 (Chart 10.3). Nevertheless, at roughly U.S. 75.5 cents in early July, it remains near its highest level since early 1985.

After weakening substantially against the major overseas currencies during the first quarter of 1987, both the Canadian and U.S. dollars showed signs of stabilizing during the second quarter. Against a trade-weighted index of the currencies of Canada's major trading partners, the Canadian dollar has been relatively stable over the past year and a half after two years of decline (Chart 10.4).

Chart 10.5

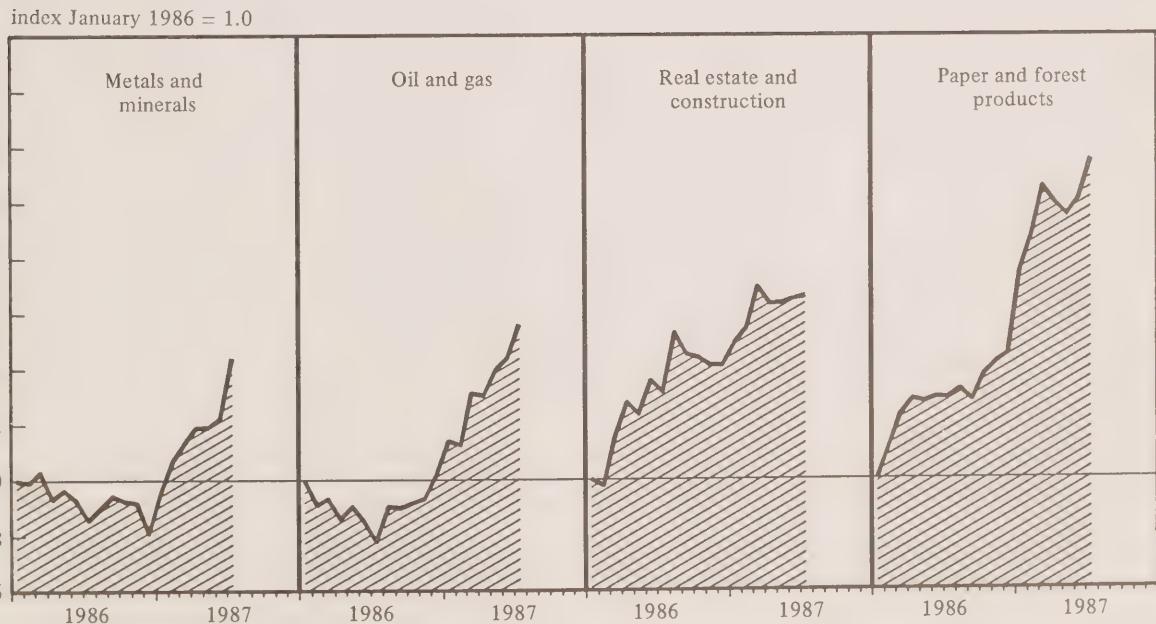
TSE 300 Index Since January 1986



The TSE 300 Index has increased strongly since the beginning of the year, breaking the 3900 level in early July (Chart 10.5). Strong rebounds since late 1986 have been evident in the indexes for metals and minerals, industrial products and merchandising. One of the best performances since early 1986 has been shown by paper and forest products. Indexes for oil and gas and real estate and construction have rebounded strongly. A contributing factor to the growth of share prices has been the strength of foreign purchases.

Chart 10.6

Selected TSE 300 Index Components Since January 1986



Special Report

This special report was prepared by Joe Italiano
of the Economic Analysis and Forecasting Division,
Fiscal Policy and Economic Analysis Branch,
Department of Finance.

Views expressed in this special report represent
those of the author and should not be attributed to
the Department of Finance.

11. The Housing Market Boom: What Underlies the Strength?

1. Introduction

Over the past two years, residential investment has grown strongly, making an important contribution to overall growth in the Canadian economy. Although accounting for only 6 to 7 per cent of the **level** of real GDP, residential investment accounted for over 15% of real GDP **growth** in 1985 and almost 26% in 1986. In the first quarter of 1987, housing starts were at their highest level in nine years (Chart 11.1), and total residential investment accounted for nearly 21 per cent of real GDP growth.

Both demand and supply factors have contributed to the strength in residential investment. On the demand side, there was, and continues to be, a strong pent-up demand for housing, a legacy of several years of housing starts below estimated demographic requirements. This shortfall reflects the 1981-1982 recession with its accompanying high interest rates, sharp drops in employment and its aftermath of sagging consumer confidence. The substantial decline in interest rates, both nominal and real, since the end of the recession, and the general improvement in the personal sector's income and wealth positions, have served to "release" this pent-up demand. This has produced increases in house prices and rents, improved construction profitability and led to sharp increases in housing starts.

This report analyses in more detail the factors underlying the recent strength in the housing market. The next section presents a general overview of residential investment growth, highlighting developments in its main components and in the regions. The subsequent two sections deal in turn with the principal determinants of demand and supply for housing. On the **demand** side, the focus is on financial market developments, demographic factors underlying housing demand and household financial positions in relation to house costs. On the **supply** side, house sales, prices, construction costs, profitability and the effect of these factors on housing starts are

examined. Alterations and improvements to existing homes, a component which is treated as part of residential investment in the Canadian Income and Expenditure accounts, are discussed separately.

2. Recent Developments in Residential Investment

Residential Investment Growth

Residential investment has typically been a highly cyclical sector in the Canadian economy. This reflects the sensitivity of housing demand and supply to a wide variety of economic factors. In the 1981-1982 recession, residential investment fell at a greater rate than any other major component of final demand. Housing starts totalled only 126,000 units in 1982, down from 178,000 units in the previous year and less than **half** the peak level of starts in 1976.

After increasing sharply in 1983, the first year of recovery, growth in real residential investment was virtually flat in 1984. In 1985 and 1986, however, growth in business residential investment strengthened considerably with all three major components, new housing, transfer costs (real estate commissions), and alterations and improvements, contributing. The strong growth in new housing construction expenditures (Chart 11.2) brought the level of that component to a peak, surpassing previous record levels in the mid-1970s. Indeed, in 1986, investment in new housing accounted for 50% of total real residential investment.

There was also considerable strength in the other components of total residential investment. Constant dollar real estate commissions, which are based on activity in the house resale market, was the component with the strongest rate of growth over the 1985-1986 period. Spending on alterations and improvements advanced steadily but less rapidly than the other two components over this same period.

Chart 11.1

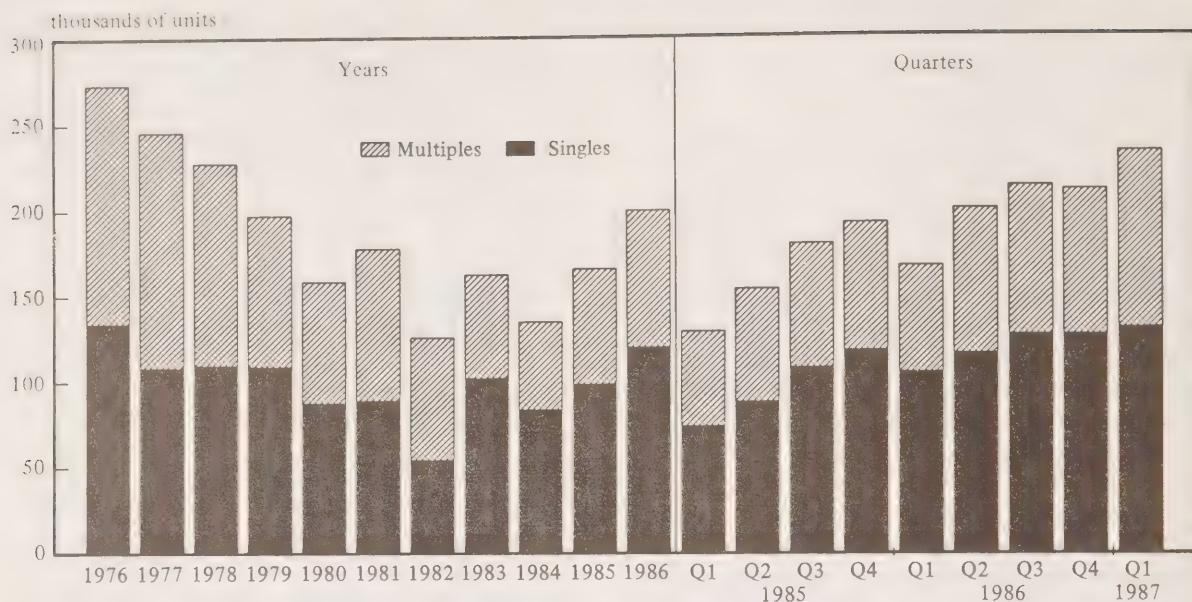
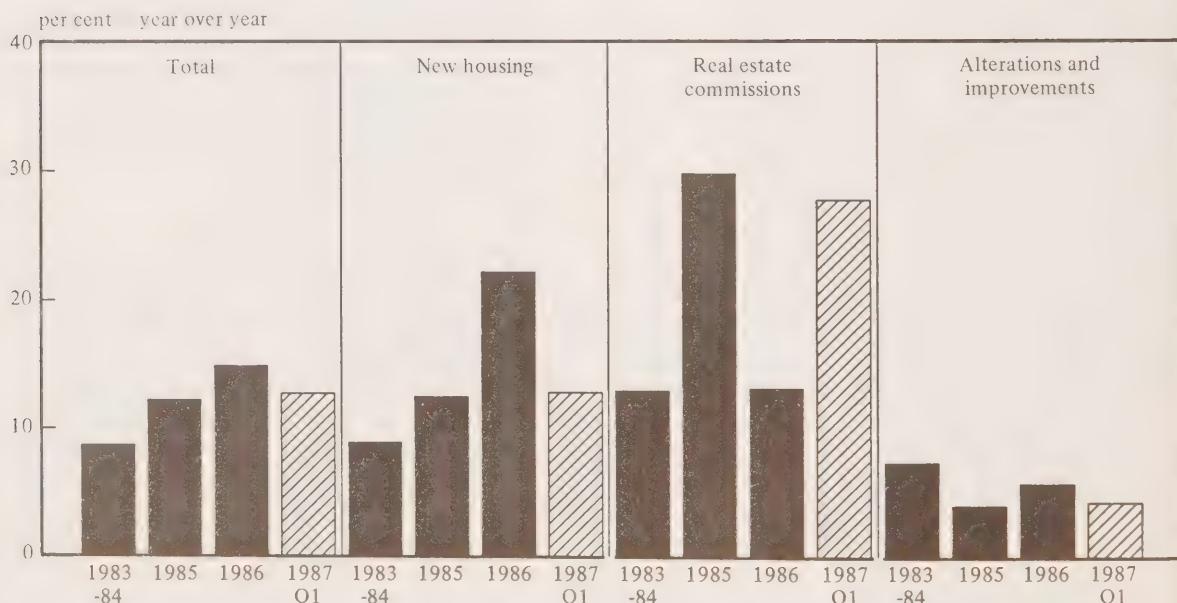
Total Housing Starts in Canada

Chart 11.2

Change in Real Residential Investment by Component

Regional Developments

The gains in residential activity have not been distributed equally across regions although growth in housing starts has been widespread. In 1986, housing starts increased in 9 of 10 provinces, following increases in all provinces in 1985. However, the relatively favourable economic circumstances in Central Canada resulted in demand being concentrated in Ontario and Quebec, although starts also increased strongly in British Columbia, Manitoba and Prince Edward Island (Chart 11.3). The strong economy in Central Canada attracted interprovincial migration, thereby increasing housing requirements. While housing vacancy rates were below their long-term average in all 10 provinces (Chart 11.4), the very tight supply (low vacancy rate) situation in Ontario has produced much steeper house price increases in that province than the Canadian average.

3. Demand Conditions

The demand for housing is related to developments in demographic requirements as well as household ability to pay, or "housing affordability". Over the last few years these factors have all served to increase general housing demand. These changes include a strong pent-up demand for housing that began during the recession, and the combined effect of a decline in interest rates and a rise in income that improved affordability. A number of other financial market developments also facilitated the release of the pent-up housing demand.

Demographics and Housing Demand

The longer-term trend in demand and the need for new housing is primarily driven by household formation and therefore ultimately by demographic factors. Population growth is the single most important factor; but other factors such as aging (singles leaving home, for example), marriage, divorce, and death rates determine the number of households from a given population. These factors have become

particularly influential as "baby-boomers" have grown into adulthood. Also affecting the trend need for new housing is the rate of conversions and demolitions of existing housing.

Housing starts during the first half of the 1980s were below estimates of demographic requirements. The most recent Statistics Canada household projections, based on demographic trends, showed net household formation slowing from a rate of 223,100 per year for the years 1977 through 1981 to 201,900 per year for the following five years (1982 to 1986).⁽¹⁾ This slowdown reflects the fact that the baby-boom generation has already largely reached the age when they have established their own households. Household formation is projected to continue to decline, with net household formation rates of 182,500 for the years 1987 through 1991 and 149,800 for the 1992 to 1996 period.

Clearly, economic circumstances can cause housing construction to diverge substantially from trend demographic requirements. As a result of suppressed demand and the high mortgage rates during the recession, housing starts averaged less than 160,000 units per year from 1982 to 1986. Thus, over those five years, cumulative starts were over 200,000 units below the total number of new households projected by Statistics Canada.⁽²⁾

This shortfall has manifested itself in several ways. The first is declines in vacancy rates for both single and multiple units. With the baby-boomers reaching the house-buying stage of life, the shortfall has been particularly noticeable for single units, for which the vacancy rate has declined to a very low level (Chart 11.5). The second is that young adults may have delayed establishing separate residences from their parents. Finally, there may have been additional sharing of accommodations by people who, under better circumstances, might have been living on their own; for example, students living in co-operative housing or elderly people living with their families. These situations probably began during the period of high interest rates and the recession in the early 1980s.

(1) These data represent the medium growth scenario in Statistics Canada's *Interim Household and Family Projections for Canada, Provinces and Territories to 2006*, January 1987.

(2) There is no indication that the housing stock had not grown sufficiently to reasonably meet demographic requirements prior to that period.

Chart 11.3

Change in Housing Starts in 1986 by Province

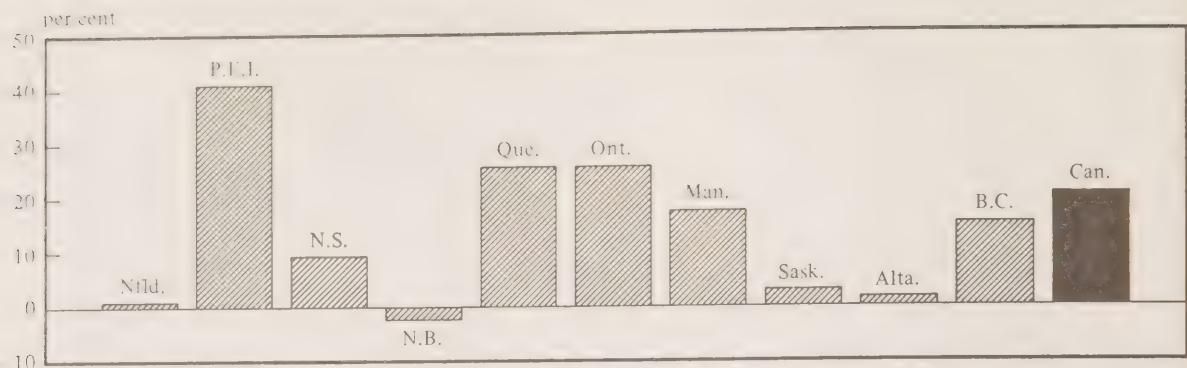


Chart 11.4

Vacancy Rates at End of 1986 by Province

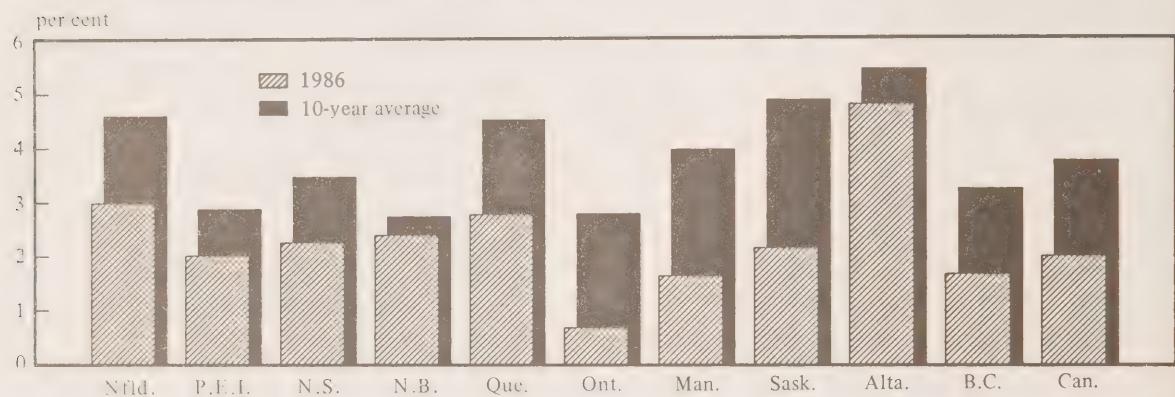
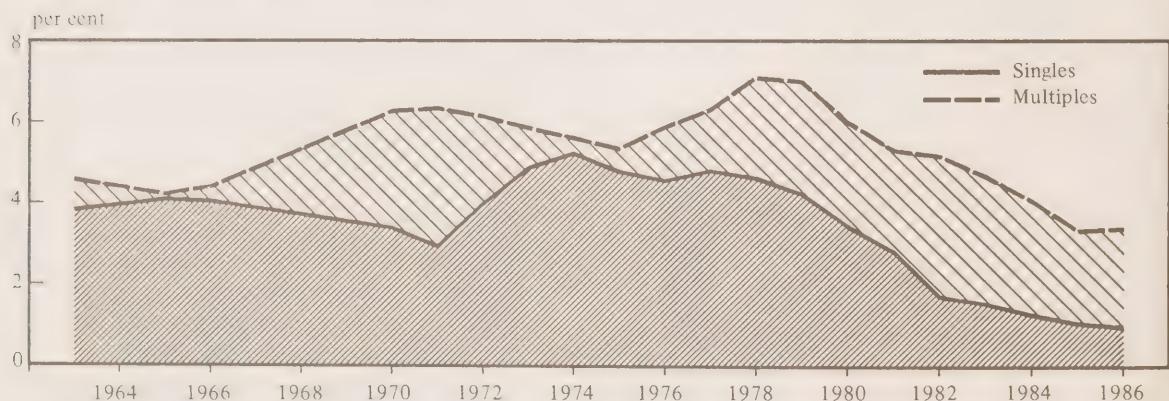


Chart 11.5

Housing Vacancy Rates in Canada



Financial Market Developments

One of the most important factors in the recent housing market strength has been the sharp decline in interest rates from the high levels of the early 1980s (Chart 11.6). Changes in nominal mortgage rates are important because of the "front-end loading problem". A change in mortgage rates is disproportionately reflected in monthly mortgage payments irrespective of the level of real rates. For example, a decrease in mortgage rates from 11% to 10% would lower monthly payments from \$481 to \$447 (a 7.1% decrease) on a \$50,000 mortgage with a 25-year amortization period. From their peaks of 15.25% in mid-1984, five-year mortgage rates fell to 11.0% where they remained for most of the last half of 1986. Assuming the above mortgage terms, this translated into a \$150 reduction, or a 24% decline, in monthly payments. From their 21.75% peak during 1981, an 11% mortgage rate represents a \$390 reduction in monthly mortgage payments on a \$50,000 mortgage – a 45% decrease in monthly payments.

Institutional developments in recent years also have provided more options for those wishing to take out or renew a mortgage, enhancing the flexibility of financing the purchase of a home. Households taking out or renewing a mortgage now can choose: (i) maturities from six months to ten years; (ii) fixed or variable rates; (iii) "open" or "closed" mortgages; and (iv) the number of payments per month. This is a substantial change from the late 1970s when generally only a five-year mortgage at a fixed rate was available and from the high-interest rate periods in the early 1980s when longer-term (five-year) mortgage funds were scarce.

Households' Financial Position and Housing Affordability

The personal sector's financial position has been improving since 1976. This reflects rising incomes and the high savings rate of the recent past, which has resulted in increased personal sector financial assets. The decline in mortgage rates has resulted in nominal monthly payments

for those obtaining a mortgage remaining well below previous peak levels despite the upward pressure from recent sharp house-price increases (Chart 11.7).⁽³⁾ In combination with the rise in average personal disposable income over this period, this has greatly improved "housing affordability". Mortgage payments on a newly purchased home as a share of disposable income per household in 1985 were at their lowest level in over ten years (Chart 11.8).⁽⁴⁾ This development helped trigger the demand for home ownership.

Additional factors helping to release the pent-up demand for home ownership were larger increases in net financial wealth per household than in house prices from the mid-1970s until 1985 (making it easier to save for a downpayment) and declining fuel costs and rising rents, which along with declining mortgage rates, helped to reduce the cost of owning relative to renting accommodations over the early-1982 to mid-1986 period (Chart 11.9).

4. Supply Conditions

Supply conditions have also been affected favourably by recent developments. Rising house prices combined with moderate increases in construction costs and reduced construction carrying costs due to lower interest rates have all improved construction profitability, leading to a greater supply of new housing.

House Sales and Prices

The strong demand for housing developed at a time of tight supply nationally (low vacancy rates). Activity in the resale market increased significantly with a corresponding sharp increase in the average house price (Chart 11.10). House resales, as measured by the Canadian Real Estate Association (CREA), rose to a record level in 1985 and again in 1986. The Multiple Listings Service (MLS) average price of a residential unit was 17.5% higher in 1986 than in 1985, following a 5.5% increase in 1985.

In addition to increases in house prices, rent increases were greater than increases in the

(3) This result is obtained using the 5-year mortgage rate, a 25-year amortization period and 66% of the Multiple Listings Service price of a residential unit in the period in question.

(4) In this study, the national accounts' data on personal disposable income was used and the number of households was measured as the number of occupied housing units, estimated by Statistics Canada.

Chart 11.6

Mortgage Rates

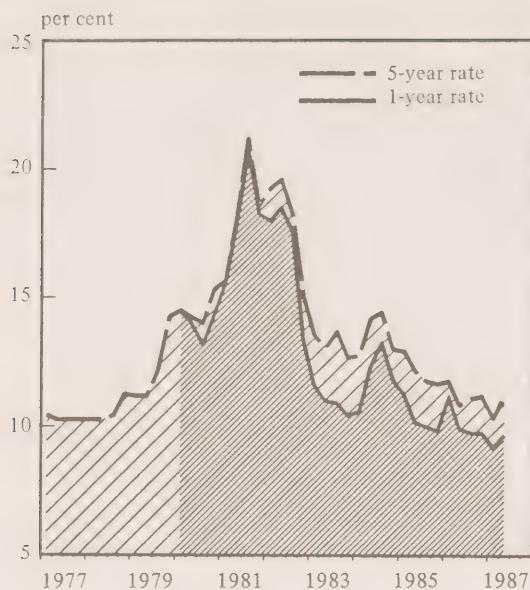


Chart 11.7

Monthly Mortgage Payments on a Newly Purchased Home

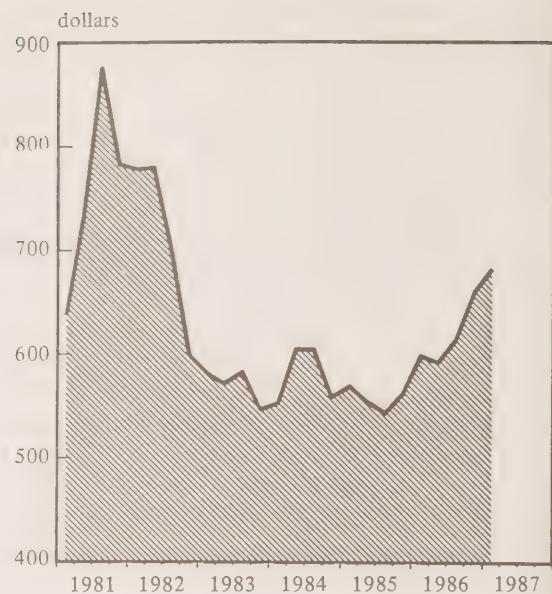
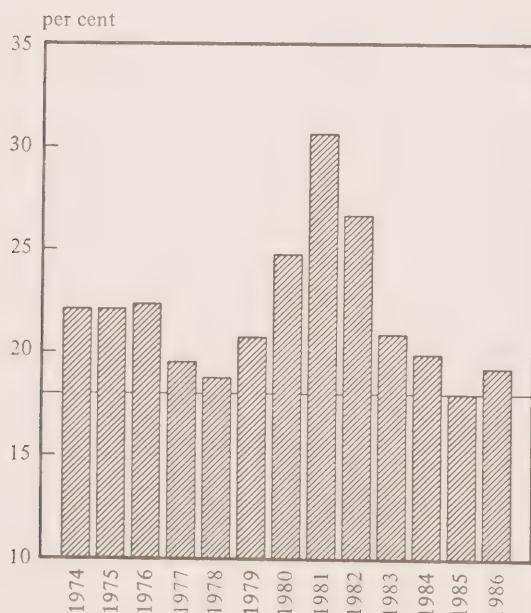


Chart 11.8

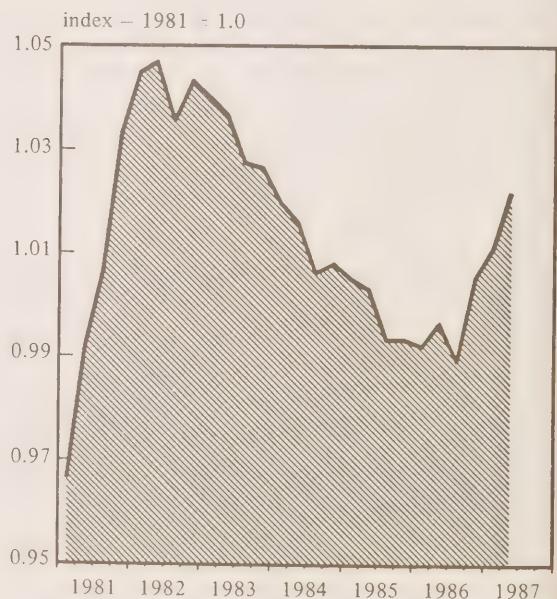
Mortgage Payments on a Newly Purchased Home as a Share of Household Disposable Income*



*Department of Finance estimates.

Chart 11.9

Ratio: Cost of Ownership to Cost of Renting (using CPI data)



all-items CPI for a few years up to the end of 1985, reversing a previous trend (Chart 11.11). Underlying these developments are: the strong demand for housing, in general; a declining vacancy rate; the decline in the rate of inflation below previous rent control caps on nominal rent increases; and changes in rent control (or review) legislation in some provinces.

Construction Costs, Profitability and Housing Starts

Housing starts have increased strongly since the beginning of 1985 and this has occurred without the need for government intervention. The house-price and rent increases have improved builders' and landlords' profitability given that costs of labour and materials for residential construction have not risen as quickly (Chart 11.12). In particular, labour cost increases had moderated noticeably by the end of 1986.⁽⁵⁾ In addition, declining interest rates have reduced the carrying costs of construction.

As a result of improved profitability, housing starts reached 200,000 units in 1986, 20% above starts in 1985 and the highest annual level since 1978. Housing starts have increased strongly since the first quarter of 1985, and have been at or above 200,000 units (annual rate) since the first quarter of 1986. Starts in the first quarter of 1987 were at their highest quarterly level in nine years and preliminary data indicate that starts were even stronger in the second quarter. While the improvement has been noticeable in both single and multiple units, in recent years singles have been a larger share of total starts. The larger share of singles (for which there is more real expenditure per unit) plus changes in the size of housing units and the increased number of standard features and extra options taken have resulted in the average real dollar value of new house construction expenditure per start being relatively high in recent years (Chart 11.13).⁽⁶⁾

5. Alterations and Improvements

Expenditures on alterations and improvements, which are a significant part of total residential investment, have shown steady growth over time and have contributed significantly to the recent strength in residential investment. This component's share of total residential investment, which was nearly 18% in 1971, was about 31% in 1986. The share of investment in new housing went from 70 to about 50% over that same period. This reflects several factors:

- an aging housing stock requires modernization. This is particularly true of housing units in urban core areas where many households prefer to live. The healthy financial position of the personal sector and declining interest rates have facilitated the use of alterations and improvements for upgrading housing. Also, depending on the nature of the alterations, this method of making accommodations suit households' tastes is less costly than moving to another dwelling;
- households that move to different accommodations often make alterations to suit their own tastes;
- the various levels of government at times have financially encouraged improvements and renovations.

6. Conclusions

The buoyancy of residential investment over the last 2 1/4 years has been an important source of overall economic growth, especially when considered in relation to housing's share of total GDP. Underlying the strength in residential investment has been a general improvement in fundamental economic conditions which have positively affected both the demand and supply sides of the housing market. The substantial drop in interest rates from their recession highs and the growth in incomes and employment have improved housing affordability and have

(5) In an index no longer published, Statistics Canada used to give a 35% share to labour costs when measuring construction costs of labour and materials.

(6) Investment in new housing in any quarter is based on the level of starts of single and multiple units over the current and previous quarters. A single housing start generally yields more investment and sooner relative to a multiple start because of a greater average size and a shorter time to completion.

Chart 11.10

Multiple Listings Service (MLS)
Average Price
of a Residential Unit

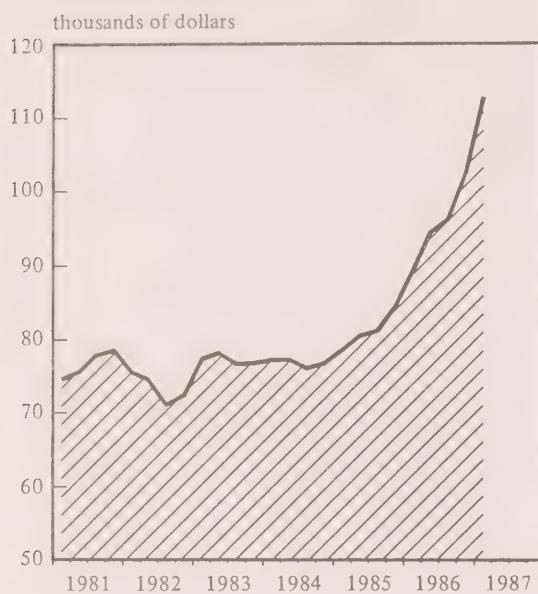


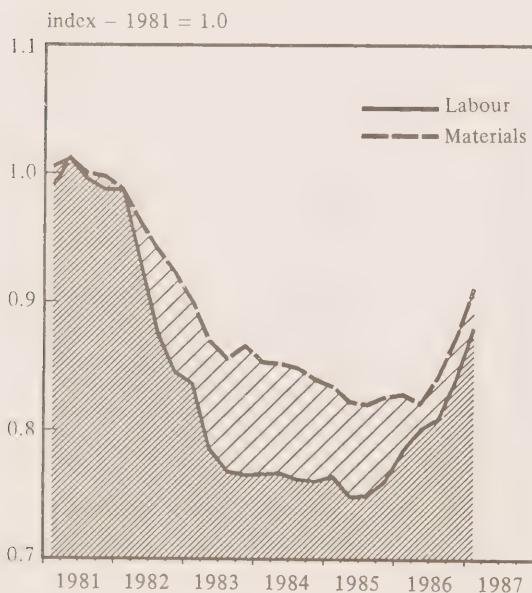
Chart 11.11

The Real Rental Rate
 $(CPI - \text{rent}/CPI - \text{all items})$



Chart 11.12

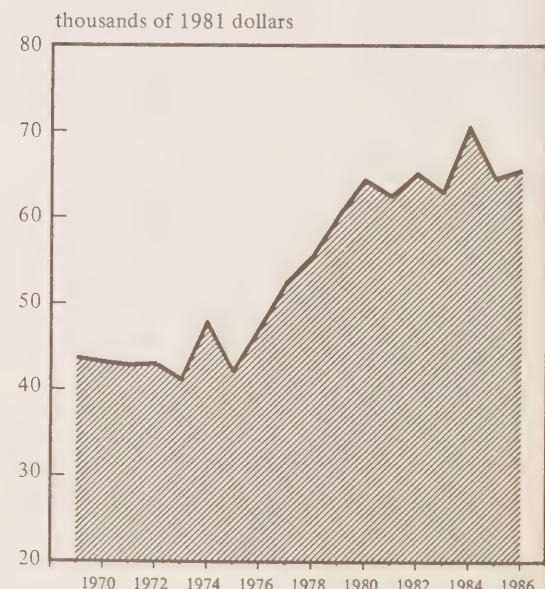
Ratio of New House Price to Construction Cost by Component*



*House price is exclusive of land.

Chart 11.13

Value of Real Expenditure on New House Construction per Housing Start



released the large pent-up demand inherited from the 1981-1982 recession. At the same time, increased house prices and rents coupled with moderate increases in costs have encouraged robust housing starts by builders, particularly over the last 15 months.

For the immediate future, conditions remain favourable for continued healthy residential

investment. Employment growth has been very strong, and mainly full time. Interest rates, although they have risen modestly from their early 1987 lows, are still below levels observed in the first years of the current recovery. As well, personal incomes have continued to advance, vacancy rates are at relatively low levels, and cost conditions remain favourable for builders.

Sources of Data for the Charts in this Special Report:

For the majority of charts in this report, the data source is Statistics Canada.

Chart 11.7:

Price data are from the Canadian Real Estate Association, *Quarterly MLS Statistical Survey*, and interest rate data from the *Bank of Canada Review*.

Chart 11.8:

Price data are from the Canadian Real Estate Association, *Annual Statistical Survey*; interest

rate data from *Bank of Canada Review*; income data from Statistics Canada, *National Income and Expenditure Accounts* (13-001); and occupied housing units data from the Canadian Socio-Economic Information Management System (CANSIM), matrix 4079.

Chart 11.10:

Price data are from the Canadian Real Estate Association, *Quarterly MLS Statistical Survey*.

Chart 11.12:

Data from Statistics Canada, *Construction Price Statistics* (62-007).

CAI
FN
E16

Quarterly Economic Review

September 1987

Canada

Quarterly Economic Review

September 1987



Department of Finance
Canada

Ministère des Finances
Canada



Table of Contents

1. The Economy in Brief	1
Real gross domestic product (GDP) grew strongly in the second quarter, increasing by 6.1%, the same pace as in the first quarter. Growth was broadly based among sectors of the economy.	
2. Personal Sector	5
Consumer expenditure rose a substantial 7.1%, reflecting continued buoyant spending on cars and home furnishings.	
3. Housing Sector	9
Residential investment continued to grow very rapidly in the second quarter and housing starts reached their highest level in over nine years.	
4. Business Non-Residential Investment	13
Business non-residential investment increased sharply in the first half of the year and revised business investment intentions for the year as a whole are robust.	
5. Business Inventories	17
Business inventory investment was moderate in the second quarter, while the pace of decumulation of farm inventories slowed.	
6. Government Sector	19
The federal government deficit on a Canadian Income and Expenditure Accounts (CIEA) basis decreased to \$21.3 billion on average in the first half of 1987 from \$24.8 billion in 1986 as a whole.	
7. Foreign Trade and International Developments	21
The current account deficit rose slightly to \$8 billion in the second quarter as the merchandise trade surplus declined.	
8. The Labour Market	23
Employment expanded by 42,000 jobs in August and the unemployment rate decreased to 8.8%; to date in 1987, 263,000 new jobs have been created.	
9. Price and Wage Sector	27
The consumer price index (CPI) advanced 4.7% on a year-over-year basis in July, up from 3.9% in January but down slightly from June.	
10. Financial Sector	31
The Canadian dollar has remained fairly stable in the past few months, trading around U.S. \$0.755.	

1. The Economy in Brief

Highlights of the First Half

- Real economic growth surged ahead at a 6.1% pace in both the first and second quarters of 1987. Buoyant consumption, housing and investment spending propelled the economy's growth, with final domestic demand increasing by 6.8% in the second quarter.
- Among the Group of Seven (G-7) countries, Canada again showed the strongest growth (4.5%) in the first half of 1987, after growing more rapidly than the other major industrialized countries in 1986.
- To date in 1987, 263,000 jobs have been created, an annual rate of increase of 3.4%, with all of the increase being full-time jobs. The unemployment rate in August dipped to 8.8%, down from 9.4% in December 1986.
- Business non-residential investment intentions now suggest that spending will increase 11.7% in 1987 or about 8% in real terms. This represents a major strengthening from the 4.3% increase previously planned and will mark a sharp pick-up from last year's investment performance.
- Consumer price inflation, on a year-over-year basis, rose during the first half of the year and reached 4.7% in July as a result of a turnaround in energy prices and increases in food prices. Excluding food and energy, however, CPI increases slowed. Unit labour cost increases remained moderate.

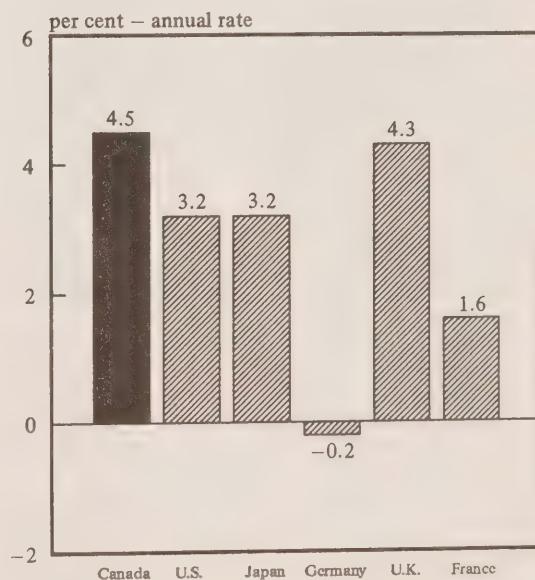
Summary

Real growth of the Canadian economy continued to be very strong and broadly based in the second quarter. Real GDP increased at an annual rate of 6.1%, the same as in the preceding quarter. These were the strongest back-to-back quarters of real output growth since the first half of 1984. The Canadian economy was the fastest growing among the major OECD economies in the first half of 1987, after leading G-7 growth in 1986 (Chart 1.1). The healthy growth in the economy was reflected in the rapid increases in full-time employment since the beginning of the year.

Business non-residential investment increased strongly in the first two quarters of this year. The current buoyancy in this investment is encouraging. According to the revised Private and Public Investment (PPI) Survey, business managers plan to increase non-residential investment by 11.7% in 1987, up sharply from the 4.3% expected in the preliminary survey released earlier this year. This could yield a real increase in investment spending of about 8%, the strongest since 1981.

Chart 1.1

Real GNP/GDP Growth in Major OECD Countries First Half of 1987



Note: Second quarter data for Japan and the U.K. are preliminary estimates.

Chart 1.2

Change in Real GDP and Final Domestic Demand

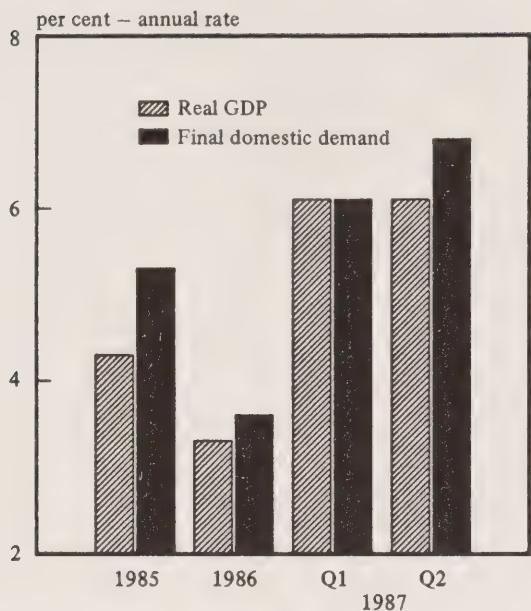
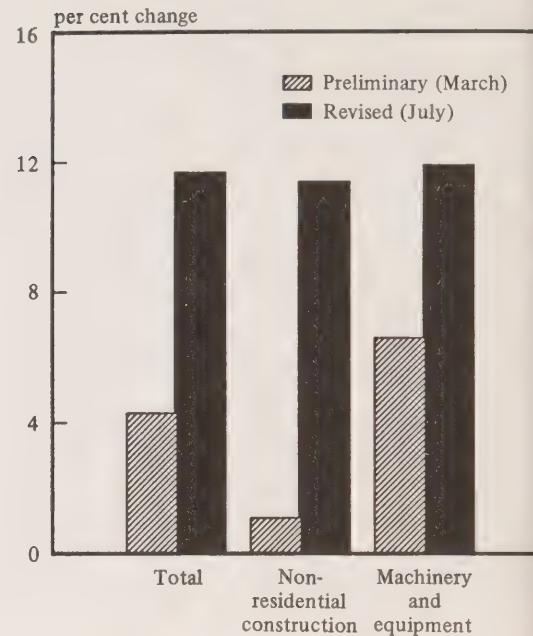


Chart 1.3

PPI Survey of Business Investment Intentions for 1987



Main Economic Indicators

		1985	1986	1986	1986	1986	1987	1987
				Q1	Q2	Q3	Q4	Q1
Real output and demand (1981 dollars)								
GDP	(% a.r.)	4.3	3.3	2.6	4.2	0.4	0.0	6.1
Final domestic demand	(% a.r.)	5.3	3.6	1.1	0.9	4.7	1.4	6.1
Consumption	(% a.r.)	5.2	3.9	-0.1	4.4	7.1	0.3	3.9
Residential construction	(% a.r.)	12.2	14.9	2.3	5.0	13.6	12.3	20.9
Business fixed investment	(% a.r.)	6.1	2.2	9.8	-12.1	-3.1	3.3	13.2
Non-residential construction	(% a.r.)	5.6	-8.2	10.3	-31.4	-22.0	-1.2	10.9
Machinery and equipment	(% a.r.)	6.5	11.5	9.5	6.9	13.2	6.5	14.8
Business inventory investment	(\$b a.r.)	2.4	3.6	5.6	4.5	3.1	1.3	0.1
Non-farm	(\$b a.r.)	1.7	1.7	3.6	2.1	0.9	0.1	1.8
Trade balance	(\$b a.r.)	18.4	16.6	14.9	18.9	16.2	16.4	17.7
Current account balance	(\$b current, a.r.)	-1.2	-9.3	-10.6	-6.3	-8.4	-11.7	-7.3
Incomes and savings								
Real personal disposable income	(% a.r.)	4.2	1.1	4.0	0.4	-4.1	2.7	0.9
Profits before taxes	(% a.r.)	3.9	-4.8	-47.8	7.1	5.9	38.0	27.8
Costs and prices								
GDP price deflator	(% Y/Y)	3.2	3.0	3.3	2.7	2.6	3.3	4.2
Consumer price index	(% Y/Y)	4.0	4.1	4.2	3.9	4.2	4.3	4.0
CPI - energy	(% Y/Y)	5.6	-7.1	2.4	-8.2	-9.7	-13.0	-9.8
CPI - ex. food and energy	(% Y/Y)	4.0	5.3	4.7	5.4	5.4	5.6	4.4
Unit labour costs	(% Y/Y)	3.5	3.0	3.3	2.5	2.3	3.7	2.9
Labour market								
Unemployment rate	(%)	10.5	9.6	9.7	9.6	9.7	9.4	9.6
Employment	(% a.r.)	2.8	2.9	4.8	1.0	-1.1	2.6	3.2
Financial developments								
Exchange rate (closing)	(U.S. cents)	71.52	72.44	71.64	72.34	72.07	72.44	76.60
Prime interest rate (end of period)	(%)	10.00	9.75	12.00	10.25	9.75	9.75	8.75
								9.50

Source: Statistics Canada and the Bank of Canada.

Final domestic demand continued to be the main contributor to economic growth in the second quarter, increasing sharply by 6.8% (Chart 1.2). This was the largest increase since the third quarter of 1985. Residential investment rose 20% for the second straight quarter and business non-residential investment continued to increase strongly, advancing by 12% in the quarter. Consumer expenditure, which contributed about 60% of the advance in final domestic demand, was boosted by marked increases in spending on durable goods, especially automobiles. The savings rate dropped to 8.8%, its lowest level since 1973. Business inventory investment increased slightly to \$0.6 billion from \$0.1 billion in the previous quarter. Business non-farm inventory investment was essentially unchanged but the decumulation in farm inventories was less than in the first quarter.

The trade balance decreased to \$16.7 billion in real terms from \$17.7 billion in the first quarter due to a decrease in the merchandise trade surplus. The terms of trade fell slightly after rising in the first quarter. The combined effects worsened the current account balance, with the deficit reaching \$8.0 billion, compared to \$7.3 billion in the first quarter.

Consumer Spending Up Sharply

Real consumer expenditure increased at an annual rate of 7.1% in the second quarter. Spending on automobile and related products, which registered a 31% increase, led consumer expenditure as car buyers responded to purchasing incentives. Expenditure on household furniture and appliances also continued to increase strongly, reflecting the high level of housing completions. Growth in spending on services slowed from the large increase in the first quarter.

The Savings Rate Drops

The personal savings rate fell to 8.8% in the second quarter from 9.7% in the previous quarter and an average of 11.5% in 1986. The decline in the savings rate continued a trend evident since early 1982. The personal savings rate is now less than half its 19.1% record level registered in the first quarter 1982. The recent declines reflect record levels of consumer

confidence, as measured by Conference Board surveys, and the willingness of consumers to borrow to finance durable goods purchases.

Rebound in Profits Continues

Corporate profits before taxes rose by 28% in both the first and second quarters. Profit levels in the second quarter were 7.5% above their level at the end of 1985, before the marked decline in world oil prices. The increase in profits was widespread across sectors with particular strength in the petroleum sector. Despite the recent run-up in profits, profit margins (before-tax profits divided by sales) remained below their average pre-recession levels.

Buoyant Investment Intentions

The strong rise in capacity utilization in recent quarters to levels significantly above pre-recession averages has improved the outlook for new investment spending. The marked improvement in profits over the last year, the buoyant stock market, and the steady improvement in corporate liquidity have all increased the ability of corporations to fund additional investment spending. The revised PPI survey confirmed this increasingly bullish investment outlook. Nominal business non-residential investment is expected to increase substantially by 11.7% in 1987 (Chart 1.3). Investment spending intentions increased in all sectors of the economy except agriculture and fishing, and forestry. All regions are expected to benefit from the more buoyant investment spending outlook, especially British Columbia. This is the first time since 1981 that capital investment has been projected to increase at such a strong rate.

Moderate Inventory Investment

Real business inventory investment increased slightly during the quarter to \$0.6 billion. The change reflects a \$1.1 billion decumulation in farm inventories, which was significantly less than in the first quarter, and a \$1.7 billion accumulation of business non-farm inventories, about the same pace as in the first quarter. For the first time since the beginning of 1986, inventory investment contributed to growth. Business non-farm inventory investment remained below that required to maintain the

stock-to-sales ratio near its short-term trend value, suggesting that inventory investment should also contribute to growth in the second half of the year.

Trade Surplus Slips

Both real exports and imports decreased during the quarter after three quarters of rapid growth. The real trade surplus decreased by \$1 billion to \$16.7 billion. The drop in exports was mainly due to lower exports of cars, while the decrease in imports was widespread. The terms of trade, after rising 3.3% (annual rates) in the first quarter, decreased by 1.7%. As a result, the current account deteriorated slightly to a deficit of \$8 billion.

Employment Growth More Balanced

Employment rose by 0.4% in August (an increase of 42,000 jobs). Since the beginning of the year, employment has risen at an annual rate of 3.4%, an increase of 263,000 jobs. The strong employment growth has become more broadly based by sectors and by regions with strength particularly evident in the Atlantic region, Quebec and British Columbia. The unemployment rate decreased to 8.8% in August, its lowest level since February 1982.

CPI Inflation Up

Consumer prices advanced by 4.7% on a year-over-year basis in July, up from the 3.9% increase in January but down slightly from June. The stronger increases in the CPI since January resulted from a turnaround in energy prices and, to a lesser extent, higher food prices (Chart 1.4). Indeed, excluding food and energy, the CPI rose 4.5% in July compared to 5.4% in January. Unit labour costs continued to be moderate, increasing by 3% on a year-over-year

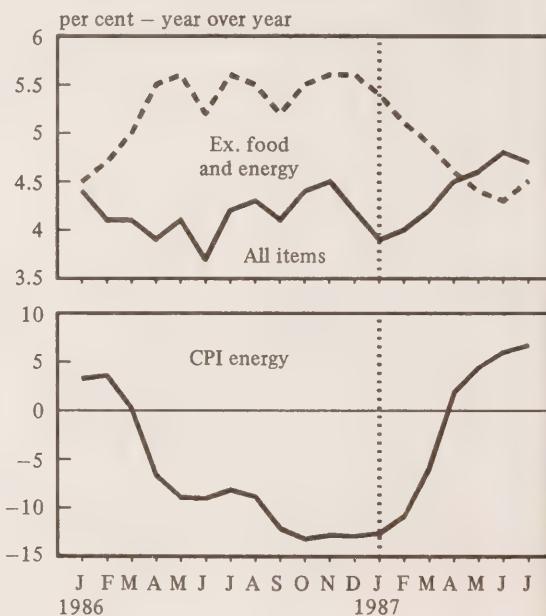
basis in the first half of the year, the same as in 1986.

Dollar Remains Stable

In the past few months, the Canadian dollar has remained fairly stable both against the U.S. dollar and on a trade-weighted basis. The Canadian dollar has been trading in a narrow range between U.S. \$0.75 and \$0.76. The differential between Canadian and U.S. 90-day commercial paper rates has widened since March as Canadian rates have risen to over 9% while comparable U.S. interest rates had decreased slightly until recently. The interest rate differential is currently over 2 percentage points.

Chart 1.4

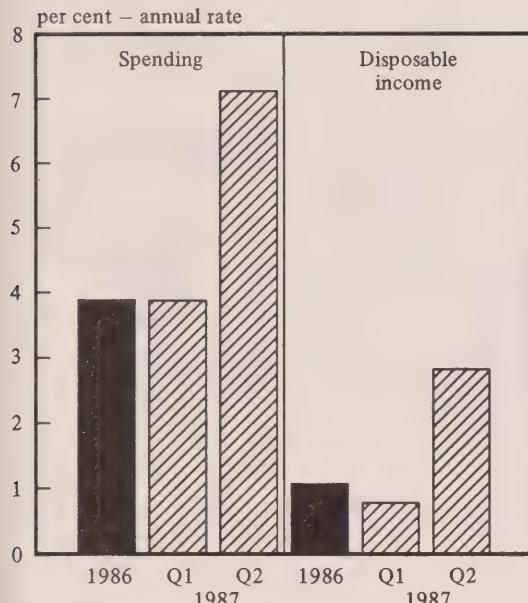
Consumer Price Inflation



2. Personal Sector

Chart 2.1

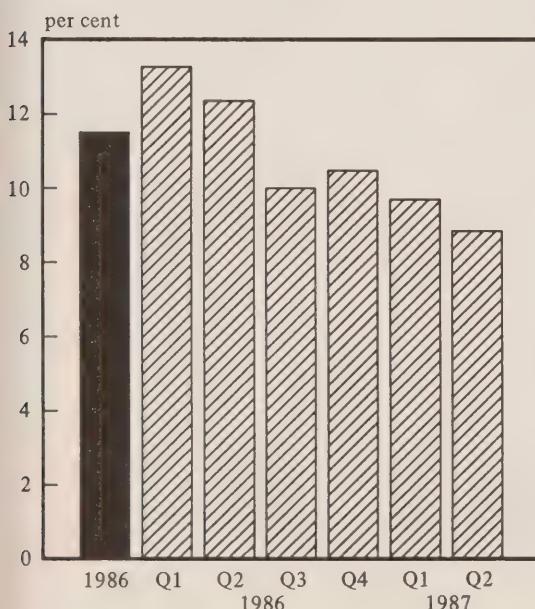
Change in Real Consumer Spending and Real Disposable Income



Real consumer expenditure growth rose at an annual rate of 7.1% in the second quarter (Chart 2.1). An important factor underlying this increase was the significant second-quarter pick-up in the growth of real personal disposable income. In the first half of the year, consumer expenditure was 4.2% above a year earlier.

Chart 2.2

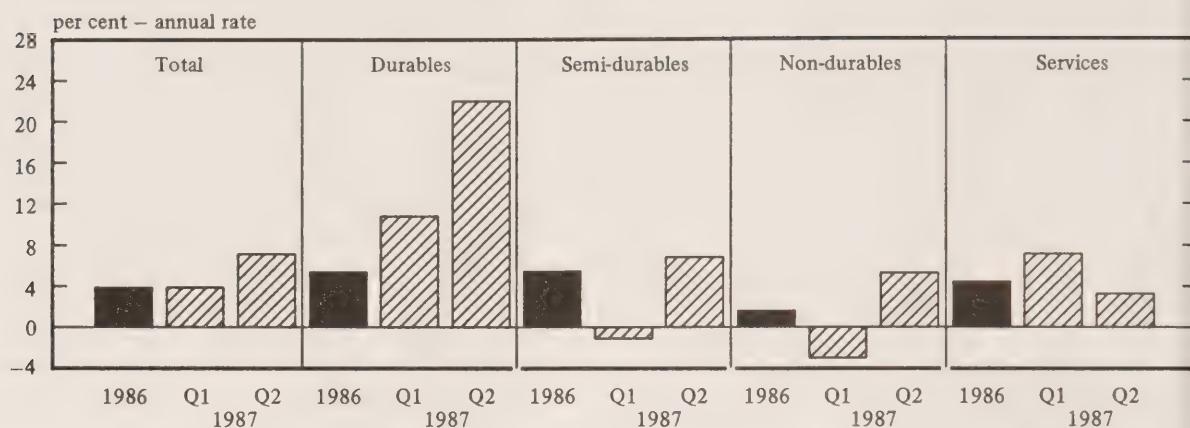
The Personal Savings Rate



The personal savings rate declined in the second quarter to 8.8% from 9.7% in the first quarter and 11.5% on average in 1986 (Chart 2.2). This brought the savings rate to its lowest quarterly level since the first quarter of 1973 and to less than half its recession peak. A record level of consumer confidence, as indicated by the Conference Board's Index of Consumer Attitudes in the second quarter, has supported this downward trend in the savings rate.

Chart 2.3

Change in Real Consumer Spending by Category



Growth of real personal expenditure on goods almost doubled in the second quarter while the growth of spending on services slowed. Within the goods category, growth of spending on durables again was very strong while spending on semi-durables and non-durables rebounded from declines in the first quarter (Chart 2.3).

Within the durable goods category, growth of real personal spending on motor vehicles and other automotive products remained very strong for a second consecutive quarter as car buyers continued to respond to purchasing incentives (Chart 2.4). Real spending on household furniture and appliances also continued to grow very rapidly, reflecting the booming housing market and the need to furnish newly completed dwellings.

Chart 2.4

Change in Real Durables Spending by Category

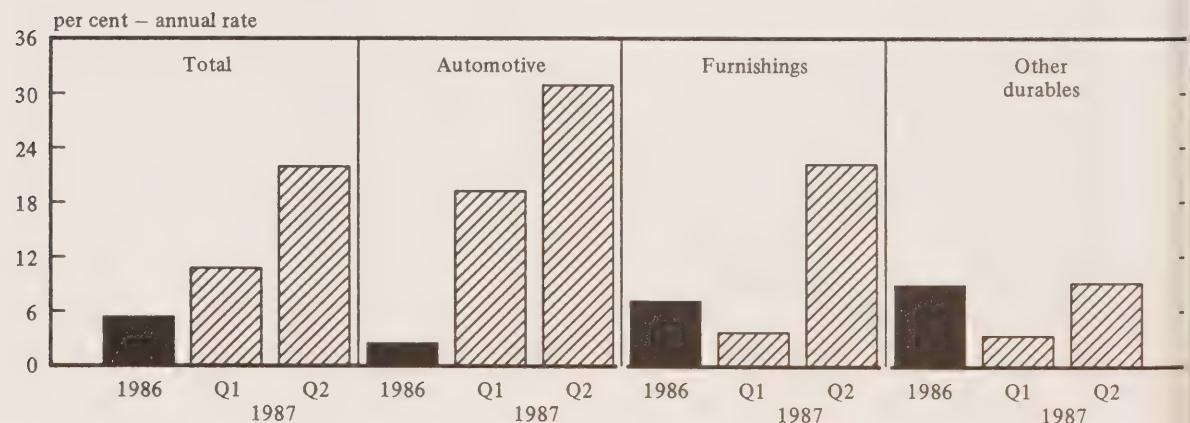
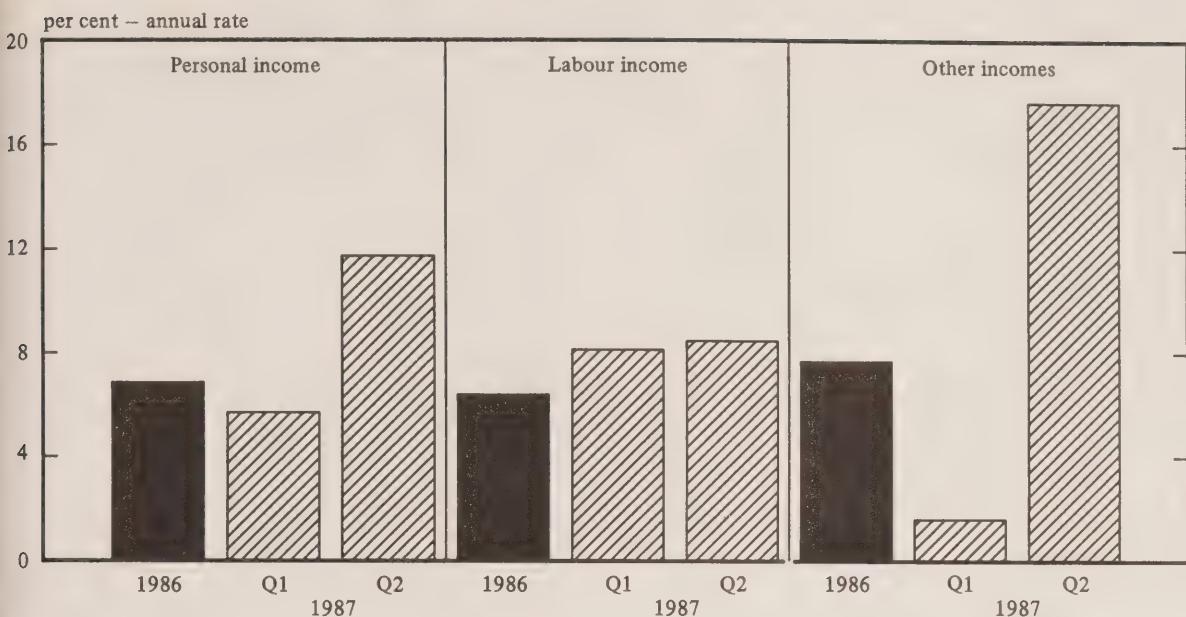


Chart 2.5

Change in Personal Income by Category



Note: Other incomes include transfers to persons (mainly from government), interest and investment income, and net income of farm operators and non-farm unincorporated business.

The sizeable growth in personal income in the second quarter helped to push up personal spending. Personal income growth was boosted by large increases in both labour income and other forms of income (Chart 2.5). The advance in labour income, which exceeded 8% at an annual rate for the second consecutive quarter,

resulted mainly from the strength in employment growth. Within other incomes, net farm income grew particularly sharply due to the timing of government transfer payments to grain farmers. Farm income grew strongly, approaching its record level of the second quarter of 1986.

3. Housing Sector

Chart 3.1

Change in Real Residential Investment by Category

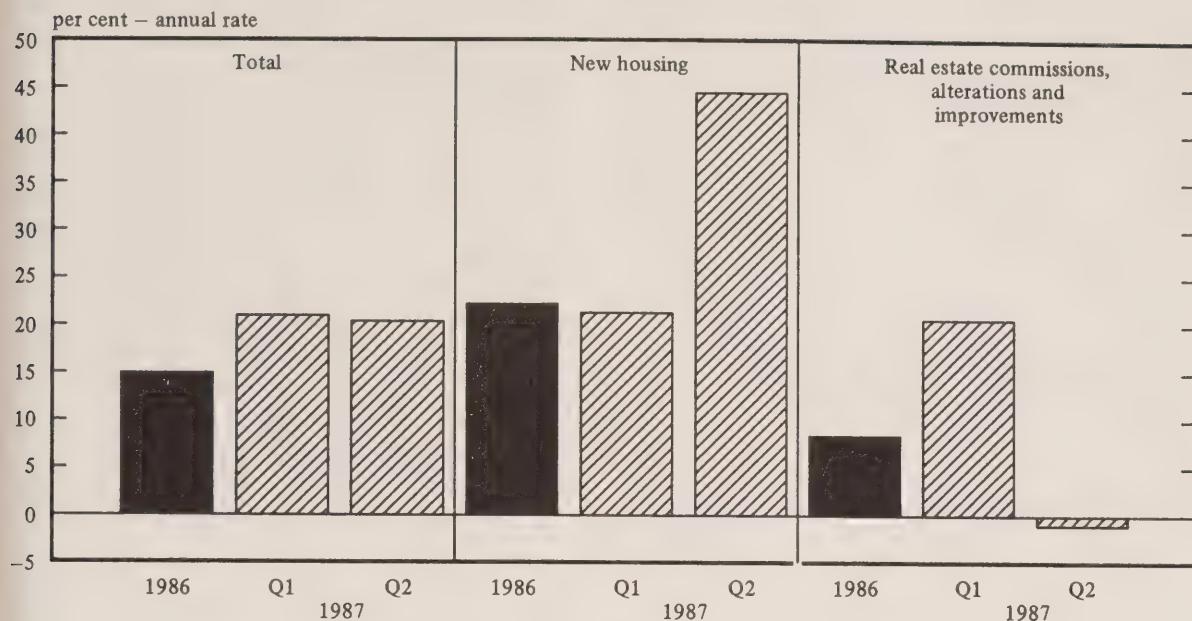
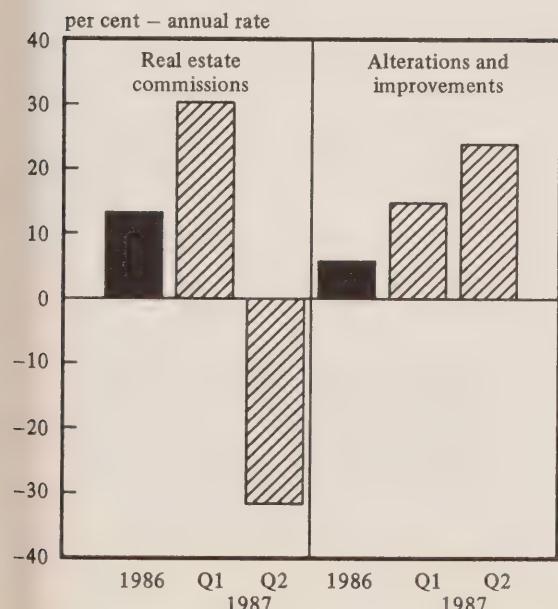


Chart 3.2

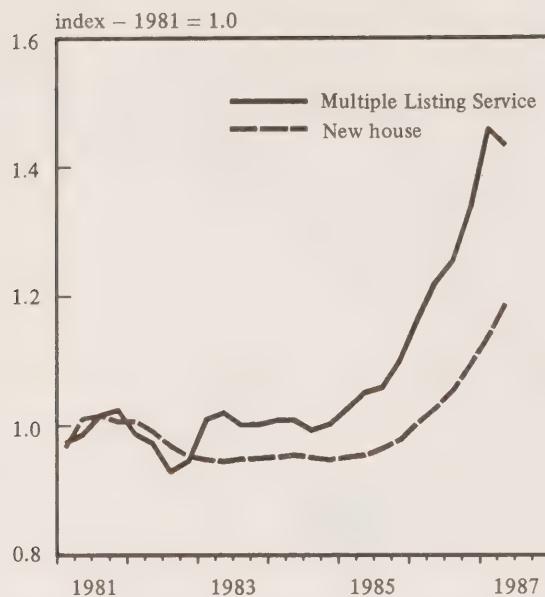
Change in Real Estate Commissions, Alterations and Improvements



Real residential investment grew in excess of 20% in the second quarter, the same pace as in the previous quarter (Chart 3.1). Growth in investment in new housing increased while real estate commissions declined as a result of an easing in resale activity (Chart 3.2). In contrast, growth in spending on alterations and improvements increased markedly in the second quarter.

Chart 3.3

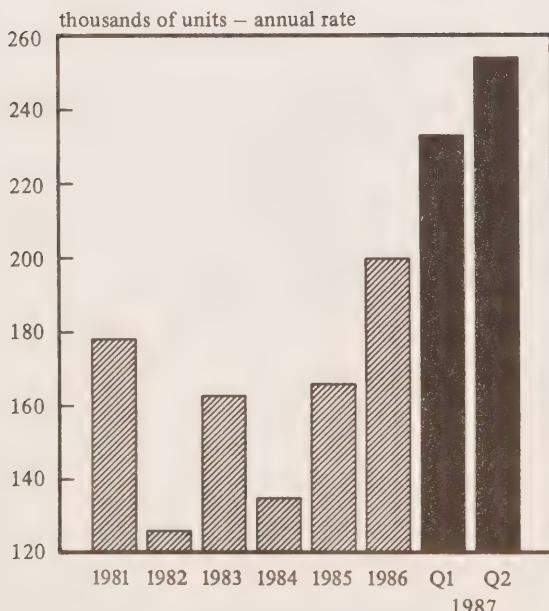
House Prices



House prices have been increasing rapidly since 1985 (Chart 3.3), particularly in the fast growing Southern Ontario real estate market. However, the Multiple Listing Service (MLS) price declined in the second quarter, indicating that pressure in the resale market is beginning to ease. Nevertheless, the MLS price in the second quarter was more than 35% above its level of two years earlier. The price of new houses continued to rise in the second quarter to a level nearly 16% above the level of a year earlier, increasing profitability and encouraging further construction of single units.

Chart 3.4

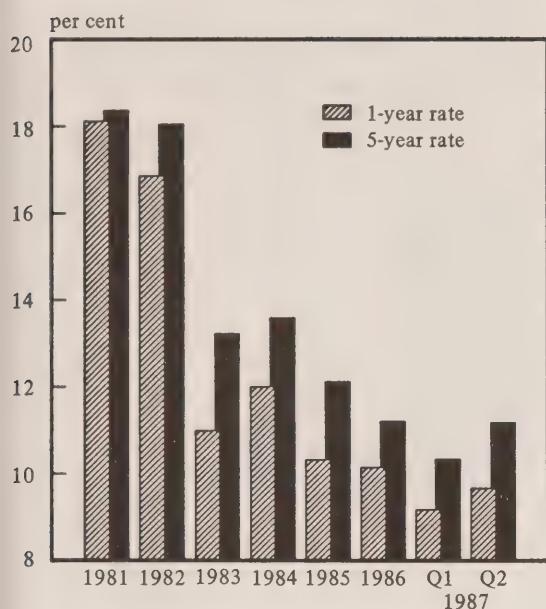
Housing Starts



Real investment in new house construction has been very robust as housing starts have exceeded or equalled 200,000 units for the past 13 months. This is a sharp improvement from the 1984-85 period when housing starts averaged 150,000 units (Chart 3.4). In the second quarter of 1987, housing starts totalled 254,000 units, their highest quarterly level in over nine years. In July, housing starts reached 264,000 units.

Chart 3.5

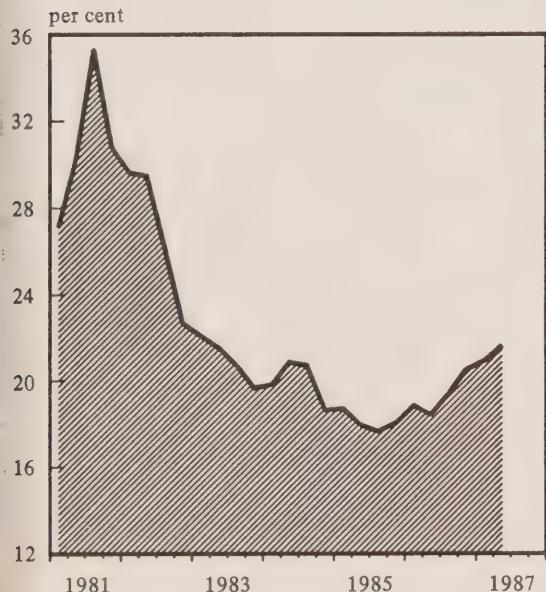
Mortgage Rates



Mortgage rates have risen in recent months (Chart 3.5) and have returned to near their early 1986 levels. Currently, 1-year mortgage rates are 10.25% and 5-year mortgage rates are 11.50%.

Chart 3.6

Mortgage Payments on a Newly Purchased Home as a Share of Household Disposable Income*



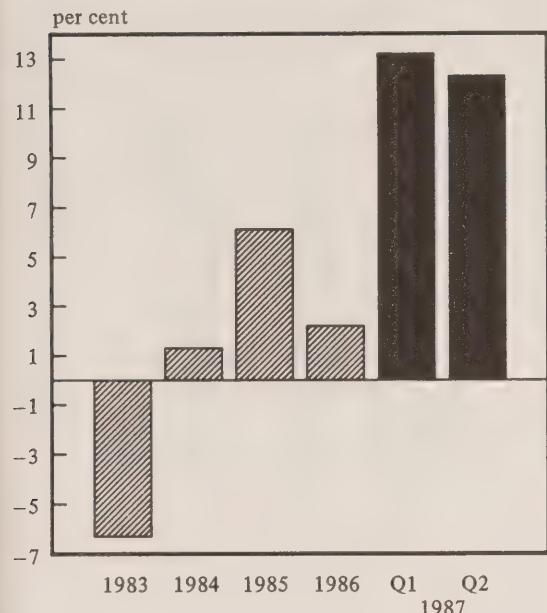
Housing affordability deteriorated further in the second quarter (Chart 3.6). However, while these developments were in part responsible for the decline in the real estate commission component of real residential investment, new construction remains high. Consumer confidence is very high and monthly mortgage payments as a share of the average household budget remain well below previous peak levels.

*Department of Finance estimates.

4. Business Non-Residential Investment

Chart 4.1

Change in Real Business Non-Residential Investment



The recovery in real non-residential investment, which started in 1985, was cut short in 1986 by the impact of the sharp declines in oil prices on energy-related investment, particularly non-residential construction. However, in the last two quarters, investment has increased on average at a strong 13% annual rate (Chart 4.1), surpassing its recovery-expansion period peak in the first quarter of 1986.

The turnaround in investment has come largely in non-residential construction which was hardest hit by the downturn in investment in the petroleum sector (Chart 4.2). Construction in the oil and gas sector recovered partly in the last few quarters as the price of oil swung back. Construction activities outside of the petroleum sector also picked up in the last two quarters. Machinery and equipment investment has grown strongly since mid-1984 and continued to lead investment growth with a 14% increase in the second quarter.

Chart 4.2

Change in the Components of Real Business Non-Residential Investment

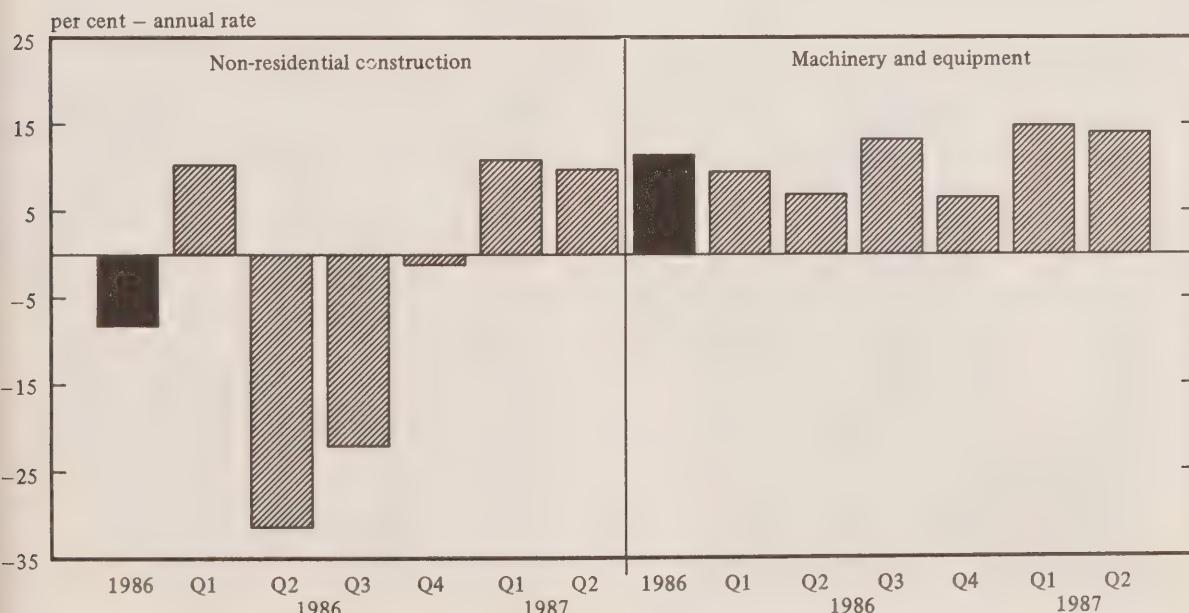
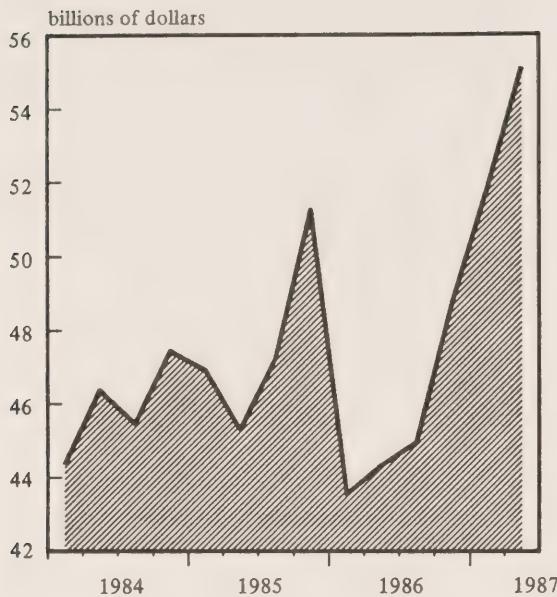


Chart 4.3

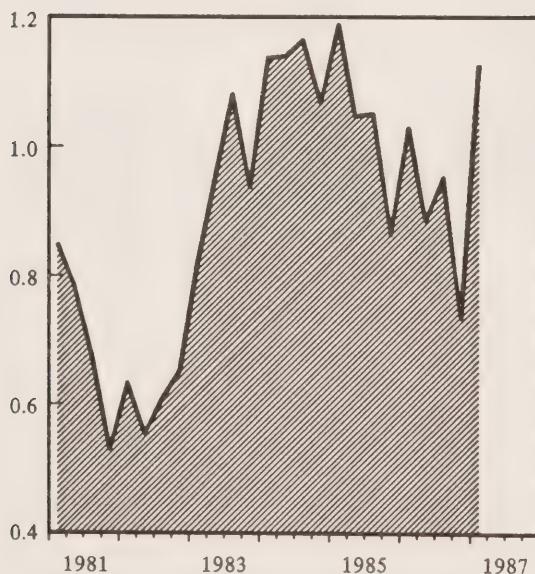
Corporate Profits Before Tax



Aiding the rise in investment has been a sharp turnaround in corporate profits. After large declines in early 1986, due to the fall in oil prices, total corporate profits have surged ahead 24.3% in the last year. This pick-up in profits has been widespread among sectors, with particular strength occurring in the petroleum sector in the last two quarters. Despite these recent profit gains, total profit margins remain below average pre-recession levels.

Chart 4.4

Ratio of Internal Flow of Funds to Capital Investment (Large Industrial Corporations)

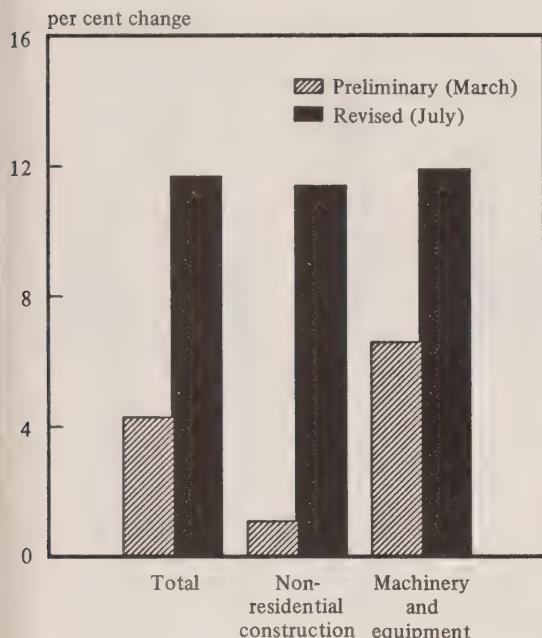


Despite strong cashflow early in the recovery, businesses did not significantly increase capital spending until 1985 when balance sheet positions had been restored to more normal positions. The ability of firms to finance capital spending internally was reduced substantially in 1986 with the decline in profits, but bounced back sharply in the first quarter of 1987 as internally generated funds in large industrial corporations rose 72% (quarterly rate). As a result, internally generated funds were more than sufficient to cover the sharp increase in capital spending.

Current indications are that internally generated funds for large industrial corporations increased further in the second quarter.

Chart 4.5

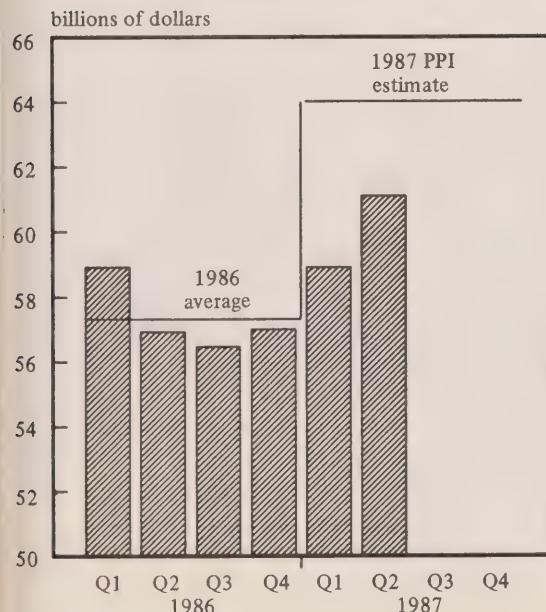
Nominal Business Non-Residential Investment Intentions (PPI) for 1987



The strong improvement in business conditions this year has been reflected in a substantial upward revision in intended capital spending in 1987. Statistics Canada's revised survey of Private and Public Investment (PPI), which covers about 28,000 establishments, indicated businesses planned to increase nominal non-residential investment by 11.7% in 1987 (about 8% in real terms). This was up substantially from the 4.3% nominal increase expected in the preliminary PPI survey released in March.

Chart 4.6

Non-Residential Business Investment and the July PPI Survey Estimate



Business investment increased strongly in the first half of the year and, as indicated by the July PPI survey, very strong growth is expected to continue during the second half of 1987 (Chart 4.6). This is particularly true of non-residential construction where, in the first half of the year, nominal investment was only 0.9% above the 1986 average compared to the 11.4% increase expected in the PPI survey for 1987.

Chart 4.7

Nominal Business Non-Residential Investment Intentions for 1987 by Sector

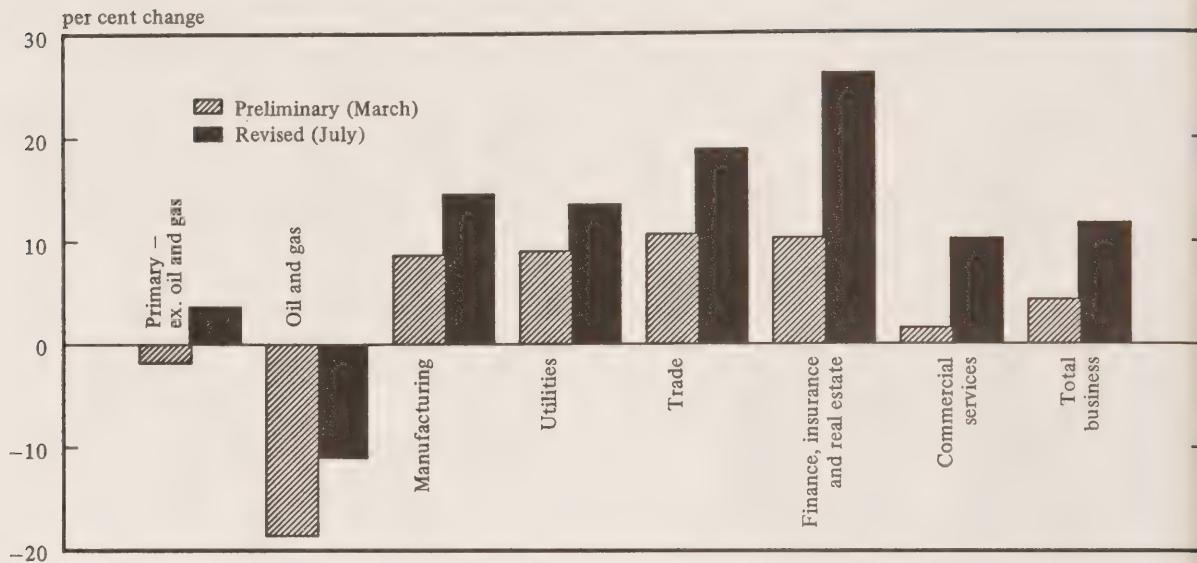
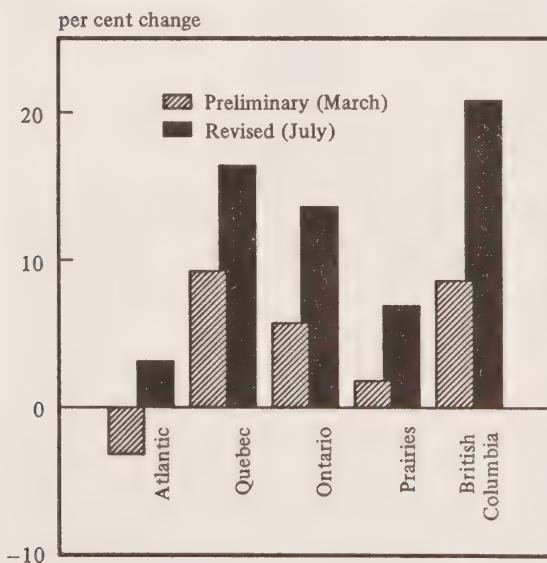


Chart 4.8

Nominal Business Non-Residential Investment Intentions for 1987 by Region

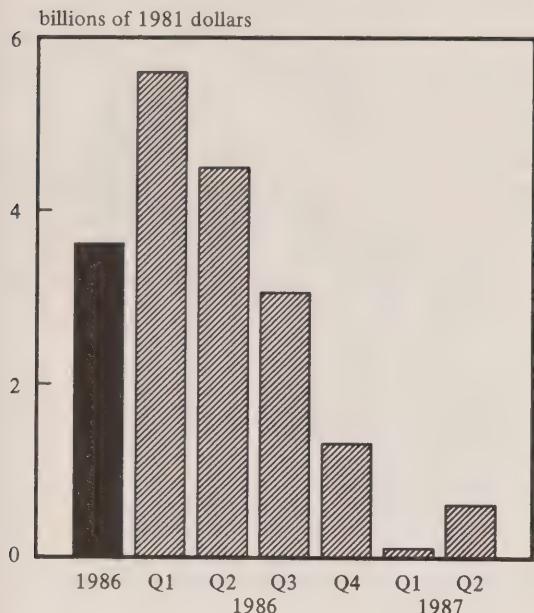


The improvement in business non-residential investment intentions for 1987 has occurred in every major sector and region (Charts 4.7 and 4.8), suggesting a better and improving balance in the economy's growth. The finance, insurance and real estate sector had the largest upward revision, from 10.3% in the preliminary survey to 26.1% in the revised survey, with most of this gain expected to occur in office building and shopping mall construction. British Columbia is expected to show the strongest regional increase in business investment with a 20.6% increase in 1987 (up from 8.6% in the preliminary survey).

5. Business Inventories

Chart 5.1

Real Business Inventory Investment



Following four consecutive quarterly declines totalling \$5.5 billion, real business inventory investment increased \$0.5 billion in the second quarter of 1987 (Chart 5.1). This upturn reflected a smaller decumulation in farm inventories as grain exports slowed slightly from their near record pace in the first quarter (Chart 5.2). Non-farm business inventory investment remained virtually unchanged at \$1.7 billion.

Chart 5.2

Components of Real Business Inventory Investment

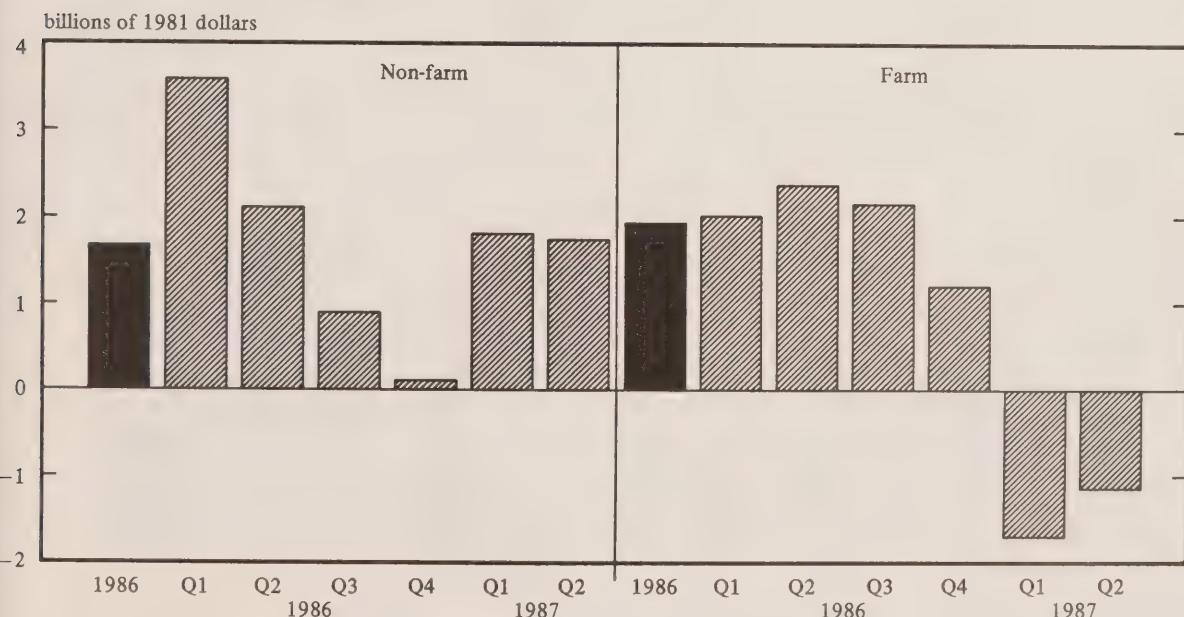
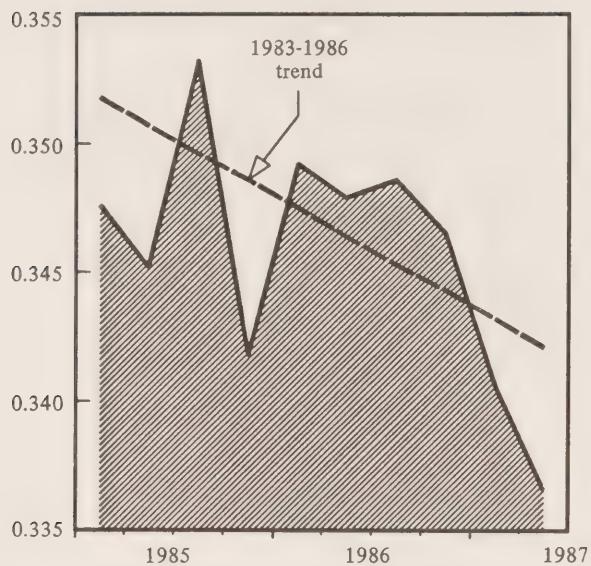


Chart 5.3

**Business Inventory-to-Sales
Ratio for Non-Farm Sector**



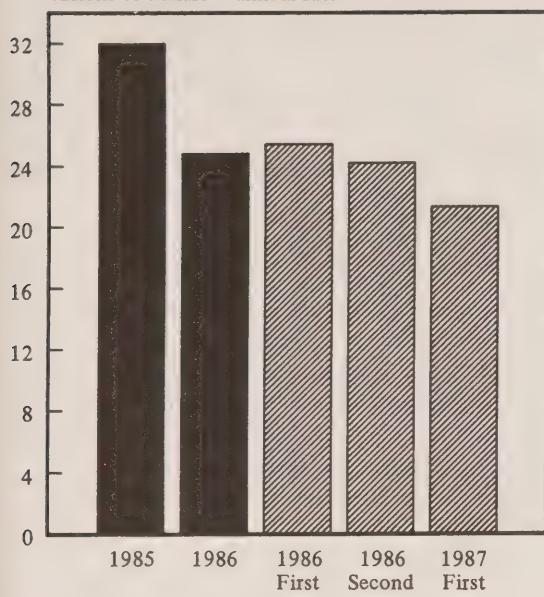
Despite the continued increase in business inventory investment in the second quarter, the inventory-to-sales ratio for the business non-farm sector declined slightly as sales growth outpaced that of stocks. As a result, the inventory-to-sales ratio remained well below its trend level, indicating the potential for further increases in business inventory investment.

6. Government Sector

Chart 6.1

Federal Deficit (CIEA Basis)

billions of dollars – annual rate



The federal deficit on a Canadian Income and Expenditure Accounts (CIEA) basis averaged \$21.3 billion for the first half of 1987, down substantially from \$25.4 and \$24.2 billion in the first and second halves of 1986 respectively (Chart 6.1). The decrease in the deficit was due to higher federal revenues and restraint in federal spending.

For the first half of 1987, revenues advanced 10.9% while expenditures rose by 4.8% (Chart 6.2). Revenue growth was led by strong advances in direct taxes on persons (reflecting the pick-up in employment and income) and corporations (reflecting the turnaround in profits) as well as higher indirect taxes. Spending on goods and services, transfers to persons and debt interest all grew at a moderate pace. The category "other" spending rose sharply, largely reflecting increased transfers to business, most of which was due to farm income support payments.

Chart 6.2

Change in Federal Government Revenues and Expenditures in the First Half of 1987 (CIEA Basis)

per cent – year over year

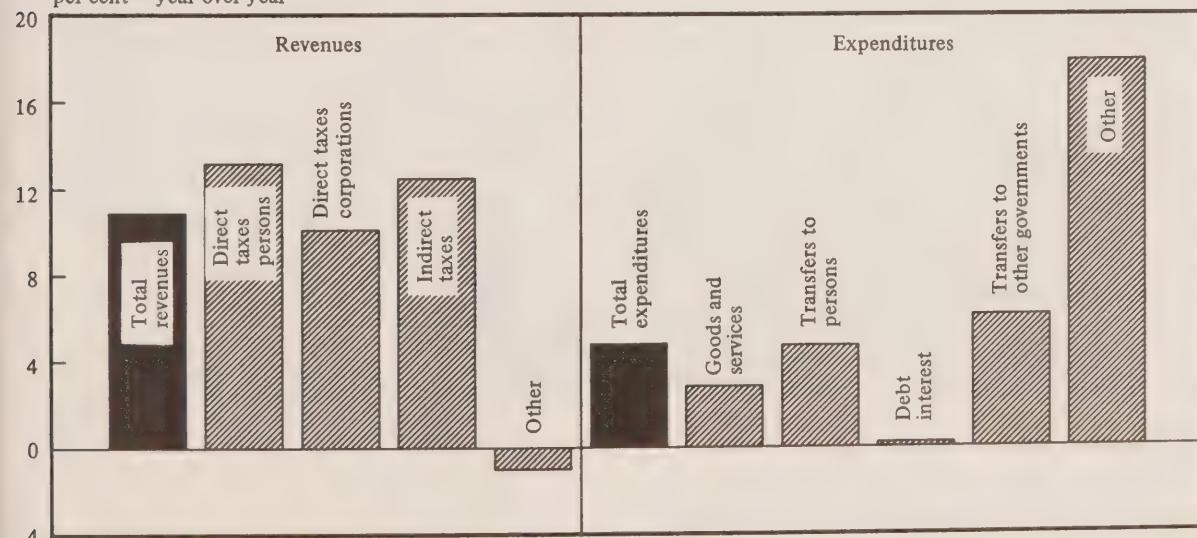
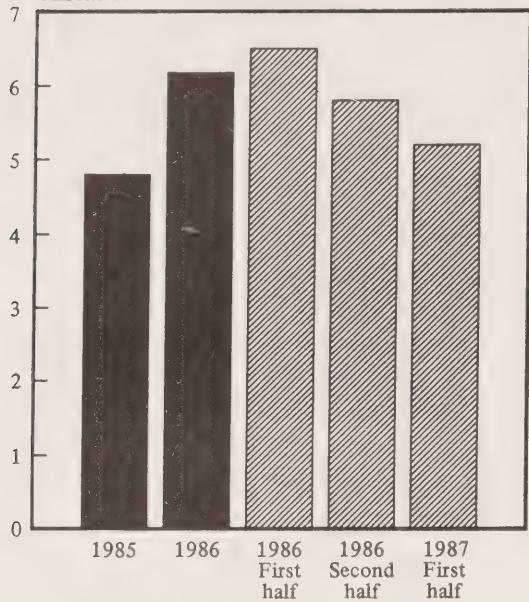


Chart 6.3

**Provincial-Local Governments
and Hospitals Deficit
(CIEA Basis)**

billions of dollars – annual rate



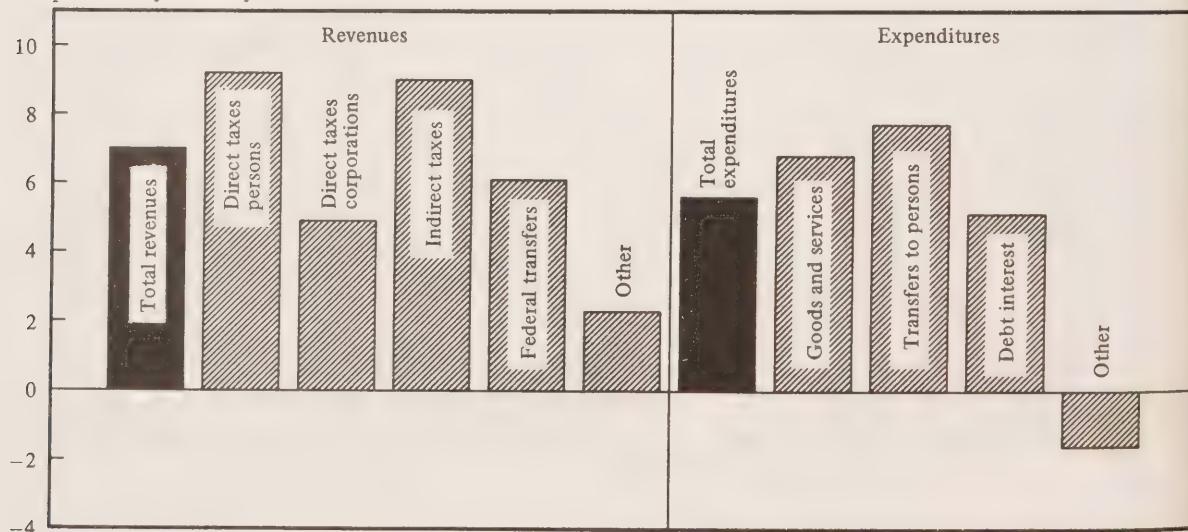
The consolidated provincial-local-hospital (PLH) sector averaged a deficit of \$5.2 billion in the first half of 1987, down from \$6.5 and \$5.8 billion in the first and second halves of 1986 respectively (Chart 6.3). On a year-over-year basis revenues increased by 7% in the first half of 1987 while expenditures rose by 5.6% (Chart 6.4).

Revenue growth was broadly based with direct taxes on persons and indirect taxes experiencing the fastest growth. Expenditure growth was led by increased spending on goods and services and transfers to persons. The growth in expenditures was moderated by the decline in the "other" category of spending reflecting a drop in subsidy and capital assistance payments to business and a decline in fixed capital formation.

Chart 6.4

**Change in Provincial-Local Governments and Hospitals Revenues and Expenditures in the First Half of 1987
(CIEA Basis)**

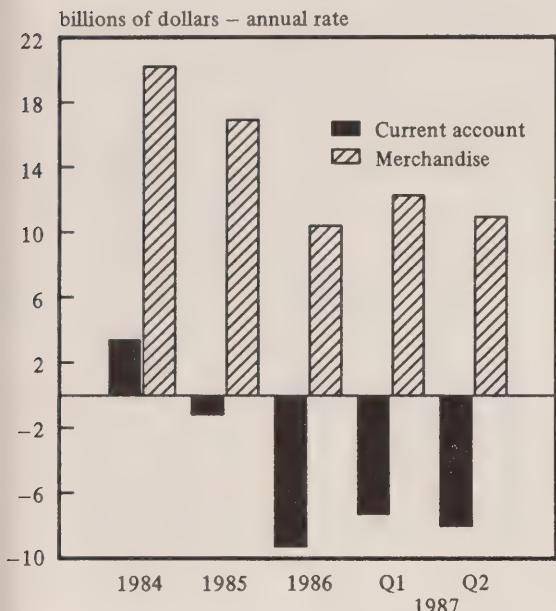
per cent – year over year



7. Foreign Trade and International Developments

Chart 7.1

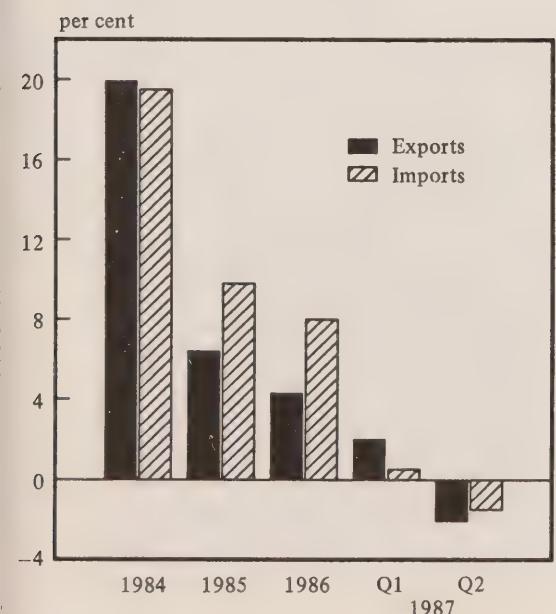
Current Account Balance



The current account balance deteriorated slightly in the second quarter of 1987, reflecting mainly a reduction in the merchandise trade surplus. The current account deficit increased to \$8.0 billion from \$7.3 billion in the previous quarter (Chart 7.1). The merchandise trade balance in nominal terms decreased in the second quarter to \$10.9 billion from \$12.3 billion in the first quarter. The deficit on non-merchandise transactions improved in the second quarter to \$18.9 billion from \$19.5 billion in the first quarter, due to increases in inheritances and immigrant funds and in withholding tax revenues.

Chart 7.2

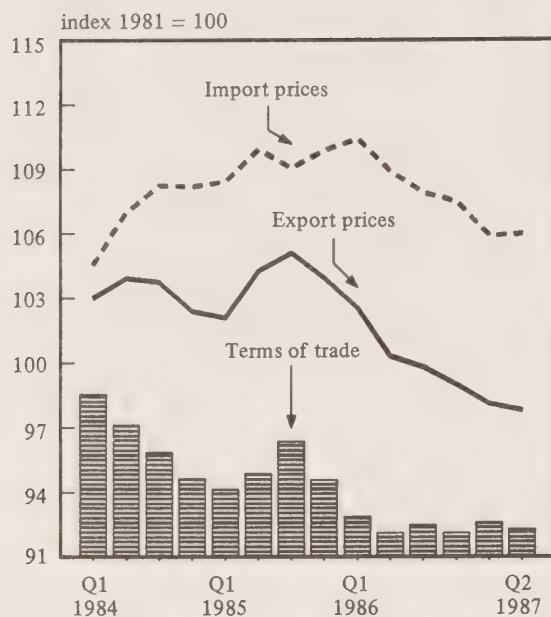
Change in Real Merchandise Exports and Imports



The merchandise trade surplus in real terms decreased to \$19.9 billion in the second quarter from \$20.9 billion in the preceding quarter. After three consecutive quarters of strong growth, exports of goods decreased in the second quarter due primarily to a marked decrease in exports of passenger cars, reflecting weakness in U.S. demand and the temporary shutdown of GM plants for retooling and upgrading. Widespread declines in real imports of goods also occurred in the second quarter. In the first half of the year, the real merchandise trade surplus averaged \$20.4 billion, a level substantially higher than in the last half of 1986 (\$18.3 billion).

Chart 7.3

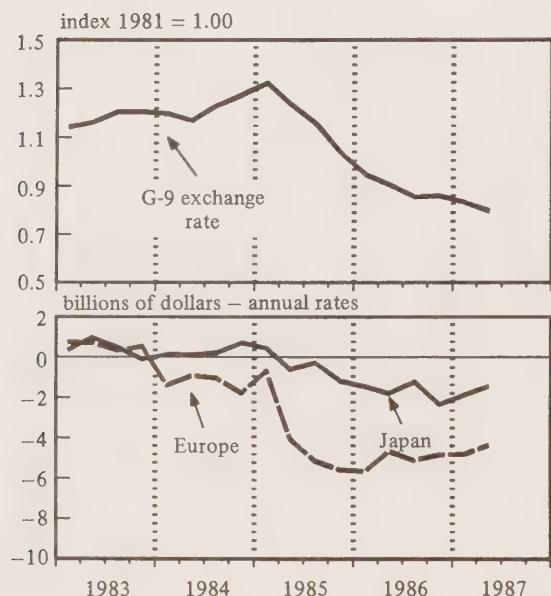
Terms of Trade



Merchandise export prices decreased further in the second quarter, marking the seventh consecutive quarterly decline. The continued decline of export prices was due mainly to weak crude material prices (excluding energy) and the lower prices of finished products. Merchandise import prices remained roughly at their first quarter levels despite a strong increase in import prices of crude petroleum. The terms of trade deteriorated in the second quarter, after an improvement in the previous quarter.

Chart 7.4

G-9 Trade-Weighted Exchange Rate and the Trade Balance With Overseas Countries

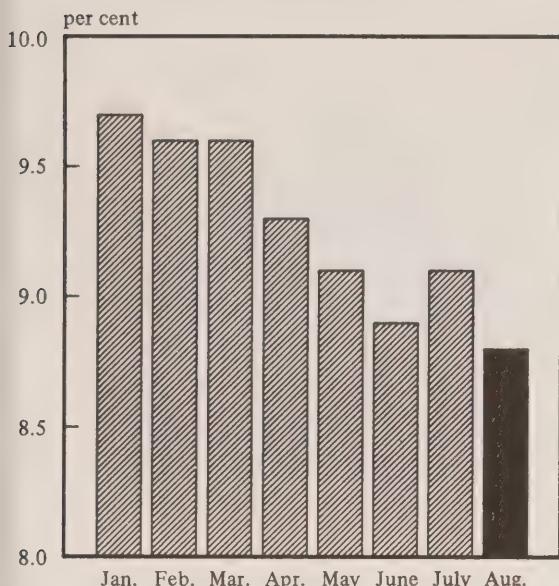


The trade balance with overseas countries has been improving noticeably in the past three quarters. The merchandise trade deficit with Japan was \$1.4 billion in the second quarter of 1987 compared with \$1.9 billion in the first quarter. The merchandise trade deficit with European countries (including the United Kingdom) improved from \$4.8 in the first quarter to \$4.4 billion in the second. This turnaround in the trade balances with overseas countries reflected the impact of the depreciation of the Canadian dollar against G-9 currencies (the Group of 10 less the United States) since early 1985 and the improvement in final domestic demand growth overseas.

8. The Labour Market

Chart 8.1

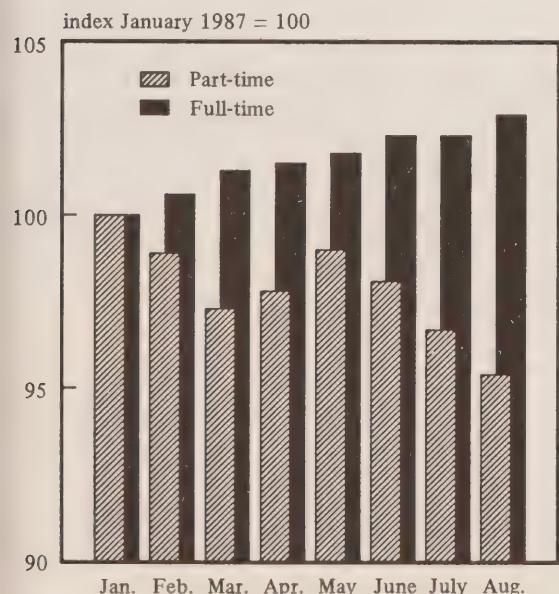
The Unemployment Rate in 1987



The robust growth in output over the first half of 1987 led to strong increases in labour demand. The 3.4% employment growth since December pushed the unemployment rate down to 8.8% by August, its lowest level since February 1982 and a drop of nearly 1 percentage point since January of this year. The declines in the first half of 1987 contrast sharply with the experience throughout 1986 when the unemployment rate fluctuated stubbornly around 9.6%.

Chart 8.2

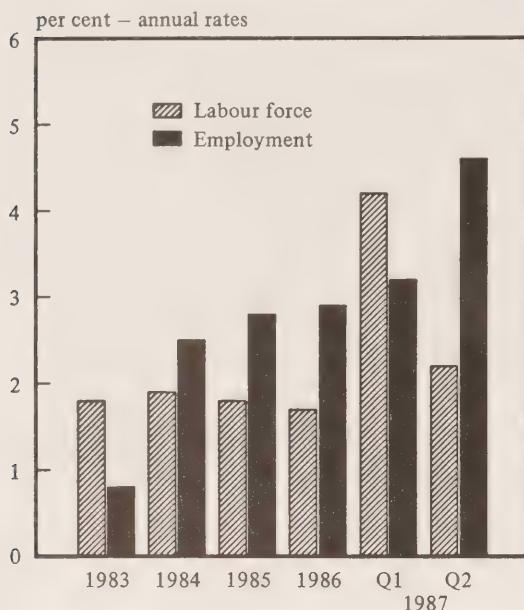
Full-time and Part-time Employment Growth in 1987



The recovery in full-time employment has been particularly pronounced since January. Full-time employment has increased for 11 consecutive months, the longest period of full-time gains since 1978-1979. Since the beginning of the year, full-time employment accounted for all of the employment gains; part-time employment has declined.

Chart 8.3

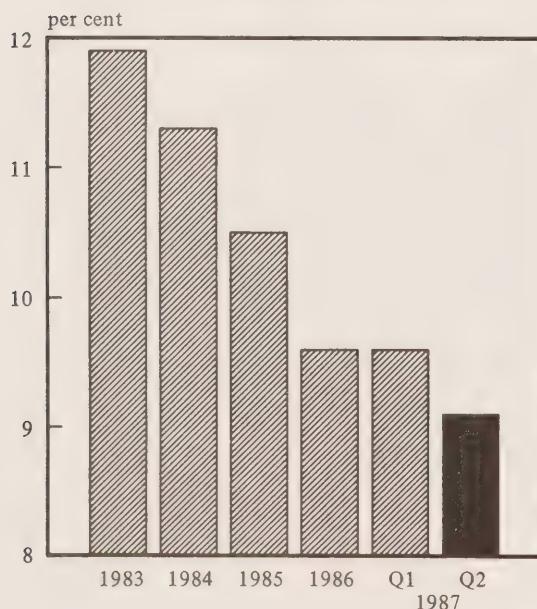
Changes in Employment and Labour Force in the Recovery-Expansion Period



Over the recovery-expansion period since 1982, the growth of employment picked up as the early gains of the recovery were consolidated and business and consumer confidence increased. The growth in employment has more than offset Canada's typically fast growth rate of the labour force. Over the period from 1983 to the present, employment growth in Canada has been the strongest among the major industrial countries.

Chart 8.4

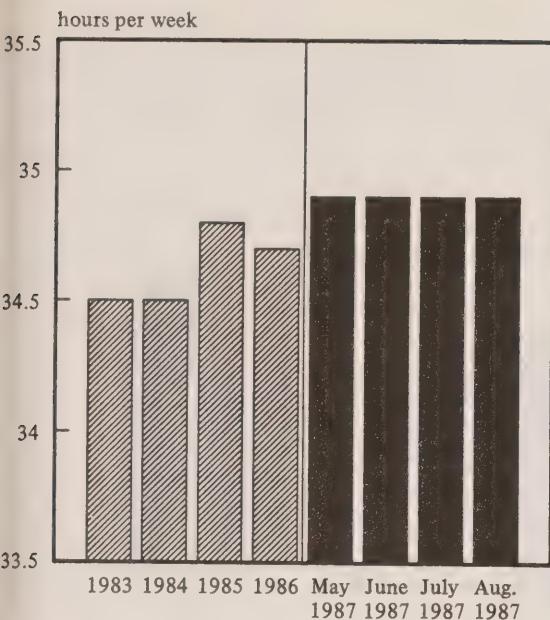
The Unemployment Rate in the Recovery-Expansion Period



As a result of the strong employment growth, the recovery-expansion period has been characterized by significant declines in the unemployment rate. From a recession peak of 12.8% in December 1982, the unemployment rate has fallen by 4 percentage points to date. The largest drops in the unemployment rate have occurred since 1984.

Chart 8.5

Average Hours Worked



Average hours worked, which have been on an upward trend in the recovery, have increased further in 1987 alongside the strong full-time job creation. Average hours are at a record high for the recovery, a level which has been sustained over the last four months. There has been a 3.1% increase in total hours worked in the economy to date in 1987, compared to 2.2% employment growth, suggesting that the demand for labour is very strong.

Chart 8.6

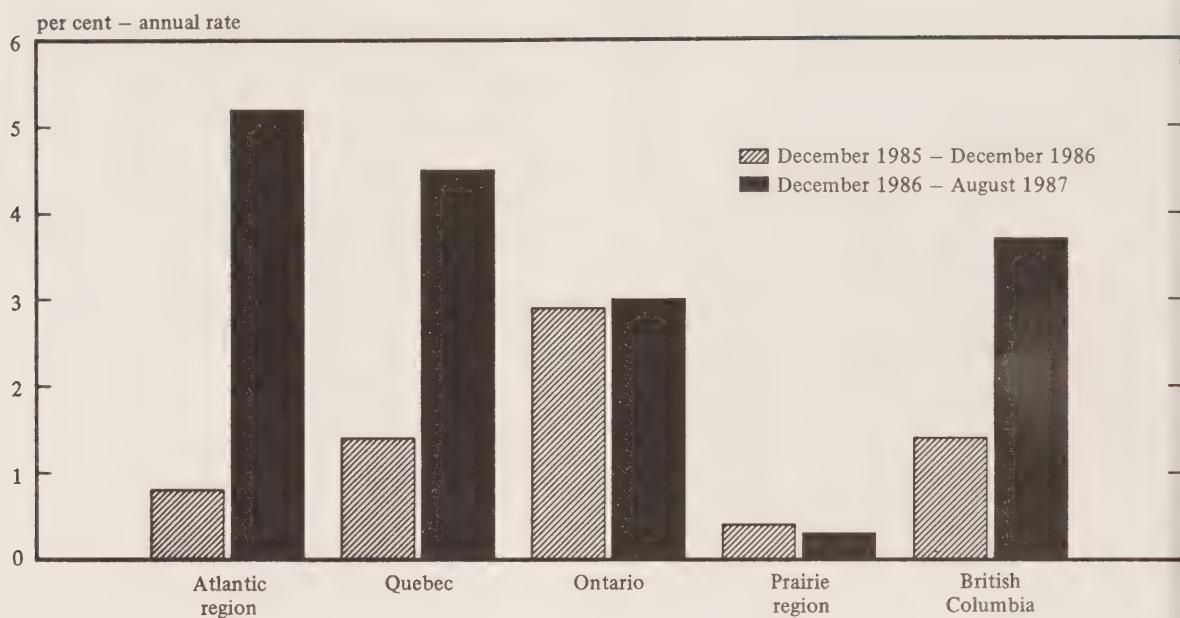
Goods and Services Sector Employment in 1987



Employment in the goods sector has led total employment growth in 1987, after declining during the previous year. All major goods industries except agriculture registered significant employment growth, ranging from 1.7% in non-agricultural primary industries to 6.9% in construction.

Chart 8.7

**Change in Employment by Region
in 1986 and 1987**



Employment gains in 1987 have been broadly based regionally. This broadening of employment gains is indicative of the improving regional and sectoral balance in Canada's economic expansion.

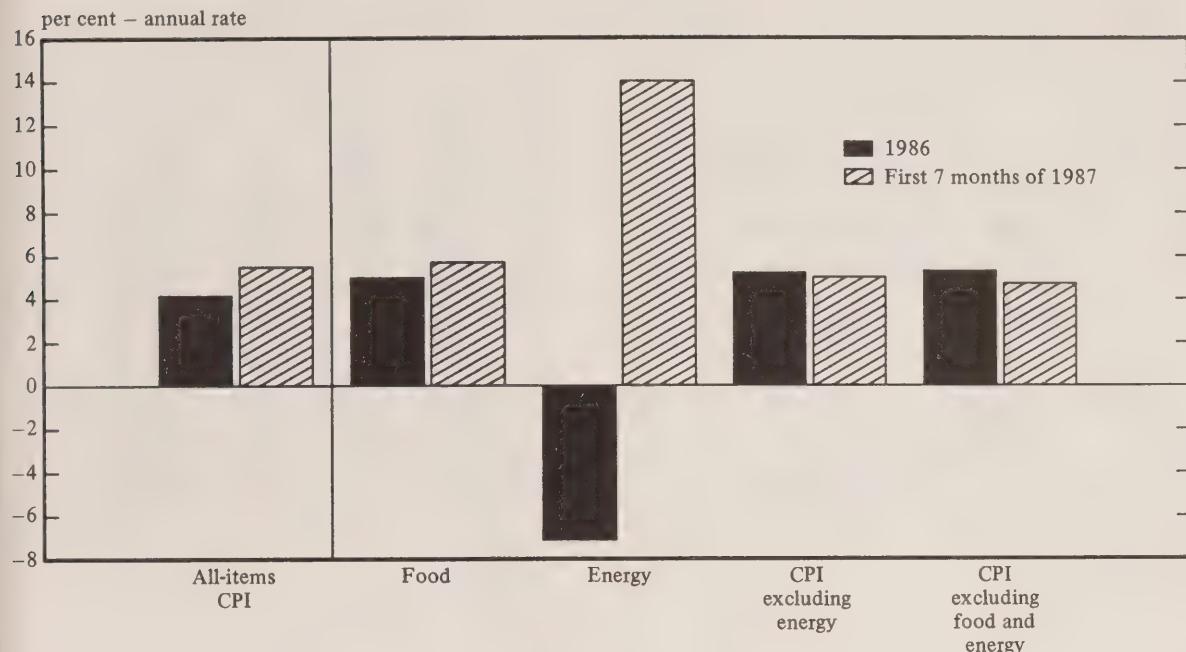
- In 1986, job gains were concentrated mainly in Ontario and Manitoba as the effects of falling energy and grain prices impacted negatively on the more resource-dependent regions.

- In 1987, there has been a significant broadening of the employment gains.
- The largest gains in employment and the greatest declines in unemployment have occurred in the Atlantic region and British Columbia.

9. Price and Wage Sector

Chart 9.1

Change in CPI



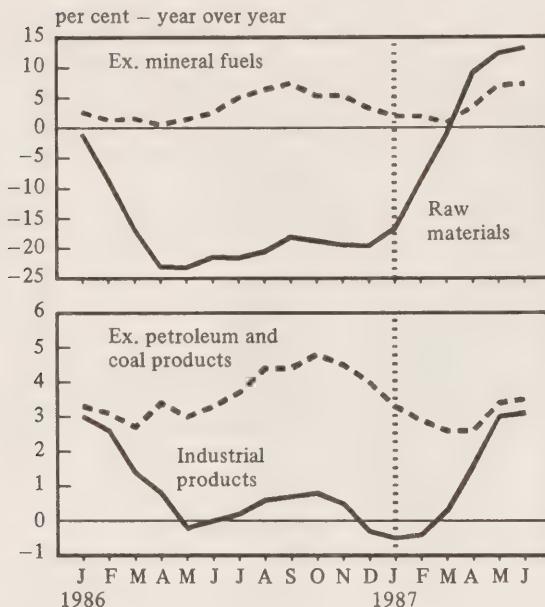
The all-items CPI in July advanced by 4.7% (year over year). Although down slightly from June, the CPI inflation rate is higher than the average rate of inflation in 1986 (4.1%). Over the last 12 months, there have been significant changes in the sources of upward and downward price pressures.

- The increase in inflation since the beginning of this year, and particularly in the second quarter, is due largely to the turnaround in energy prices and, to a lesser degree, increased food prices.

- After falling 7.1% in 1986, the CPI energy component rose 14% (annual rate) during the first seven months of this year (Chart 9.1). Food prices increased 5.7% (annual rate) during the first seven months of the year, compared to a 5.0% rise in 1986.
- When food and energy are excluded, the CPI advanced 4.7% (annual rate) between December and July, compared with 5.3% in 1986.

Chart 9.2

Changes in Raw Materials and Industrial Product Price Indexes

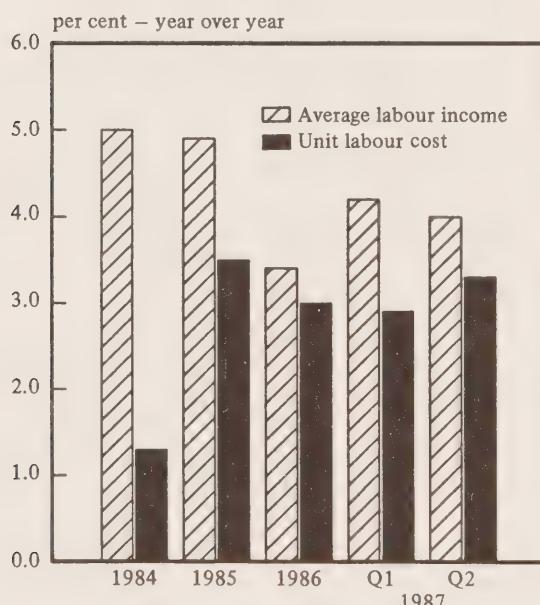


The raw materials price index (RMPI) rose 13.2% between June 1986 and June 1987 (Chart 9.2). This increase represents a sharp reversal from six months earlier, and is due to the end of the year-over-year declines in oil prices. Excluding mineral fuels, raw materials prices also showed moderate declines in the second half of 1986 and into early 1987, but have since advanced strongly with sharp increases recorded in the prices of lead, nickel and zinc.

Changes in the industrial product price index (IPPI) were similar to those of the RMPI. In June, the IPPI was 3.1% higher than a year earlier, up from 0.5% in January. The IPPI excluding petroleum and coal products advanced 3.5% in June, slightly above the 3.1% registered in January.

Chart 9.3

Change in Average Labour Income* and Unit Labour Costs**



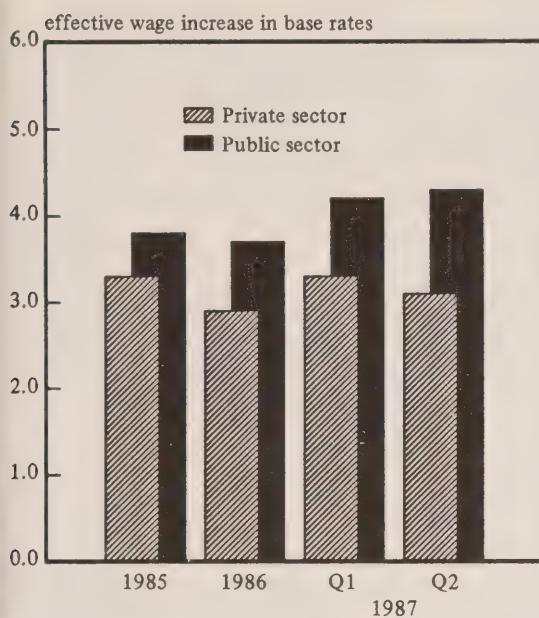
Increases in average labour income in the second quarter (4.0%, year over year) combined with continued productivity gains (0.8%) have resulted in continued moderate growth in unit labour cost (Chart 9.3). Unit labour cost growth averaged 3.1% in the first half of 1987, well below the rate of CPI increase. The moderate growth in unit labour costs continues to restrain inflation.

*Labour income divided by employment.

**Labour income divided by real output.

Chart 9.4

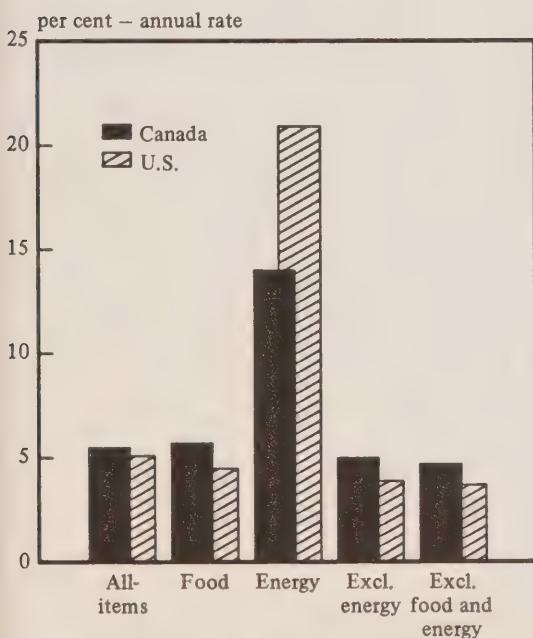
Wage Settlements (all agreements)



The effective increase in base wage rates (for collective agreements involving 500 or more employees) remained unchanged in the second quarter, at 4.0%, but was up from 3.4% in 1986. Private sector wage settlements averaged 3.1% in the second quarter, down from 3.3% in the first quarter, while public sector settlements rose to 4.3% from 4.2% in the first quarter. Provincial administration led the public sector with a 4.5% increase in the second quarter.

Chart 9.5

Inflation in Canada and the U.S. – First 7 Months of 1987

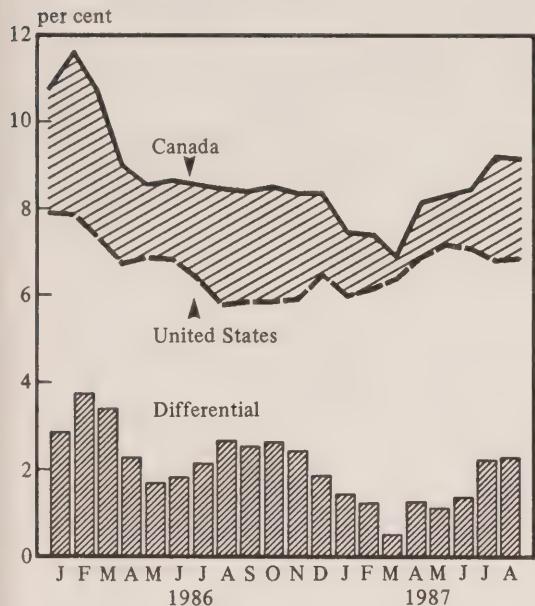


Prices in Canada, as measured by the CPI, have increased on average slightly more than in the United States so far this year (5.5% and 5.1% respectively, Chart 9.5). Energy prices rose less in Canada than in the United States (14% versus 20.9%), but this development was offset by smaller increases in non-energy prices in the U.S. Excluding energy prices, the CPI rose 5.0% (annual rate) in Canada versus 3.9% in the U.S.

10. Financial Sector

Chart 10.1

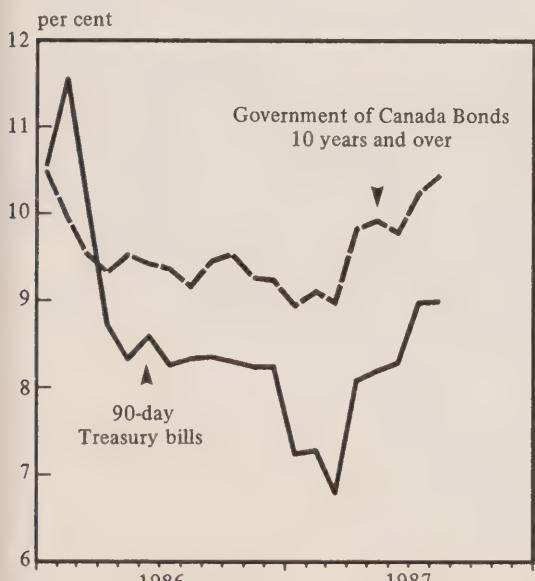
90-Day Commercial Paper Rate in Canada and the U.S.



The differential between Canadian and U.S. 90-day commercial paper rates has been widening since March. At that time, the Canadian dollar was under upward pressure and Canadian interest rates were falling. Between May and August, U.S. interest rates declined after gradual increases through most of the first half of the year. At the same time, Canadian interest rates have continued to increase from the March trough. As a result, the differential has widened to above 2 percentage points, its highest level in 1987 but still below its average of 2.5 percentage points during 1986.

Chart 10.2

Short- and Long-Term Interest Rates Since January 1986

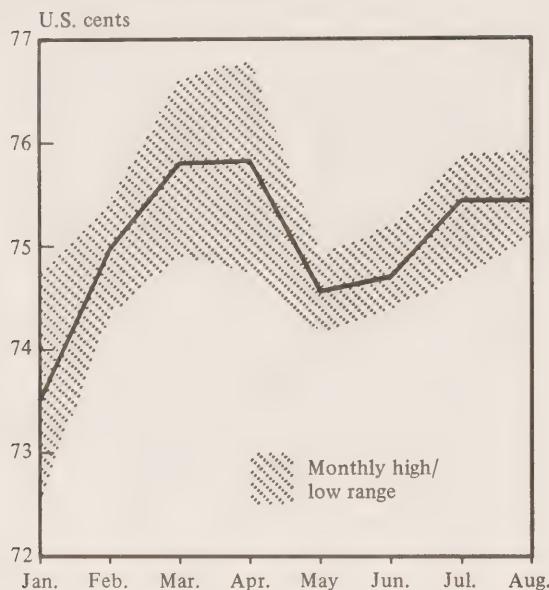


The recent rise in interest rates has been reflected in both short- and long-term interest rates, although the latter have risen by less. In part, the sharper increase in short-term rates since March represents a rebound from the drop early in the year. The upward movement in long-term rates largely parallels U.S. trends and represents a reaction to recent increases in inflation in both Canada and the U.S.

On September 3, the U.S. Federal Reserve Board raised its discount rate 50 basis points to 6%, with U.S. commercial banks following suit.

Chart 10.3

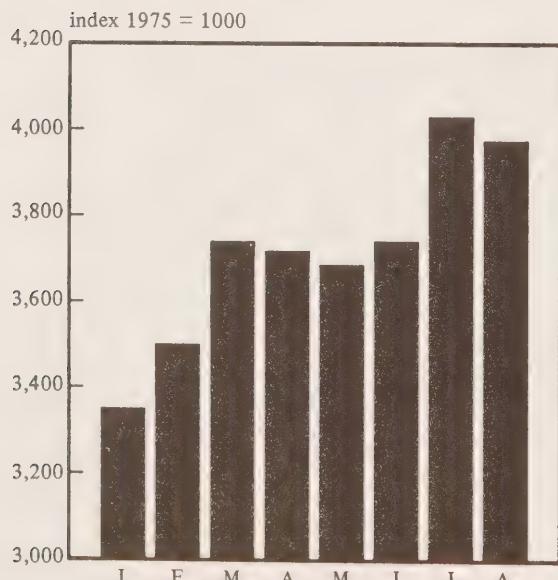
**Canadian Dollar in 1987
(Average Noon Value)**



The Canadian dollar has been relatively stable in the past two months, trading in a narrow range between U.S. \$0.75 and \$0.76 since late June (Chart 10.3). This stability was both against the U.S. dollar and overseas currencies on a trade-weighted basis. Since December 1986, the Canadian dollar has risen 4.1% against the U.S. dollar and 2.5% against the G-10 currencies on a trade-weighted basis.

Chart 10.4

TSE 300 Index Since January 1986



The TSE 300 Index broke through the 4000 level in late July and on August 13, peaked at 4113. Since then, it has slipped and by the end of August had dipped below the 4000 level again (Chart 10.4). The increases continue strong gains evident earlier in the year. These gains have reduced investment financing costs and contributed to the expected strong business investment growth in 1987.

CA /
FN
-E 16

Quarterly Economic Review

December 1987

Canada

Quarterly Economic Review

December 1987



Department of Finance
Canada

Ministère des Finances
Canada

Table of Contents

1. The Economy in Brief	1
Real gross domestic product (GDP) increased 4.3% in the third quarter, following very rapid growth above 6% in the first two quarters of the year. Growth in final domestic demand, at 7.0%, was very strong and widely based.	
2. Personal Sector	7
Consumer spending continued to increase strongly, at 5.5%, and the savings rate decreased to 8% as consumer confidence remained high.	
3. Housing Sector	11
Residential investment rose sharply again, although at half the pace of the previous two quarters. Housing starts reached their highest quarterly level in over nine years.	
4. Business Non-Residential Investment	15
Business non-residential investment rose by 21.6% in the third quarter, following an average 16% increase in the first half of the year. These were the three strongest consecutive quarters of investment growth since 1981.	
5. Business Inventories	19
Real business inventory investment rose by close to \$1 billion in the third quarter although the inventory-to-sales ratio remained well below its recent trend.	
6. Government Sector	21
The federal deficit on a Canadian Income and Expenditure Accounts (CIEA) basis averaged \$23.1 billion in the first three quarters of calendar year 1987, down from \$24.5 billion over the same period in 1986.	
7. Foreign Trade and International Developments	23
Despite a sharp rise in the terms of trade, the current account deficit rose by \$3.4 billion to \$10.4 billion in the third quarter. The deterioration in the current account was largely due to a strong increase in imports, mainly of machinery and equipment.	
8. The Labour Market	25
Employment gains amount to 398,000 to date in 1987, and have been widespread across age groups, industries and provinces. The unemployment rate in November was 8.2%, down 1.2 percentage points from the December 1986 level.	
9. Price and Wage Sector	29
Consumer prices advanced 4.3% on a year-over-year basis in October, down from a yearly peak of 4.8% in June.	
10. Financial Sector	33
Share prices fell abruptly on world stock markets in October. In response, governments moved quickly to provide liquidity to stabilize financial markets and interest rates have eased relative to the levels reached in the early fall.	

Special Reports

11. The Quality of Job Creation in the Last Three Years	39
An analysis of the quality of the jobs created using a reclassification of jobs according to task or occupation, rather than the commonly used industrial classification.	
12. Canada's Foreign Assets and Liabilities	49
An analysis of Canada's international balance sheet and its implications for macroeconomic policy.	

1. The Economy in Brief

Highlights of the Third Quarter

- Real gross domestic product (GDP), buoyed by surging final domestic demand, rose by a strong 4.3% at an annual rate in the third quarter, following the very rapid pace of over 6% in the previous two quarters. Real output growth in Canada to date in 1987 is the strongest among the major industrial countries.
- The fastest growing component of final domestic demand was business investment which surged by 21.6% at an annual rate, led by purchases of machinery and equipment. Continued strong profit growth, buoyant business confidence and high levels of capacity utilization are the key factors underlying the strength in business investment.
- Stock markets throughout the world plunged on October 19. In Canada and the United States, it was the largest ever one-day decline. Governments moved quickly to provide liquidity to stabilize financial markets.
- Consumer price inflation slowed to 4.3% on a year-over-year basis in October, down from the yearly peak of 4.8% posted in June. Price increases in October were lower in Canada than the United States for the first time since December 1984.
- The unemployment rate dropped to 8.2% in November, its lowest level since November 1981. Since December 1982, 1,628,000 jobs have been created and 398,000 of these jobs were created in the first 11 months of 1987.

Summary

The Canadian economy continued to grow strongly in the third quarter. Real GDP increased at an annual rate of 4.3%, following two quarters of growth above 6% (Chart 1.1). The strong growth in the economy resulted from robust final domestic demand which grew 7.0%. Net exports decreased substantially (by \$3.6 billion) during the quarter due to a large increase in imports, especially of machinery and equipment, reflecting the strength in business investment. Rapid increases in employment continued in the third quarter. In the first 11 months of the year, employment rose by 398,000 jobs and all net job gains were full time.

Business non-residential investment maintained its very buoyant pace of growth from the first half of the year, expanding at an annual rate of 21.6% in the third quarter alone. The brisk pick-up in non-residential investment in recent

Chart 1.1

Change in Real GDP and Final Domestic Demand

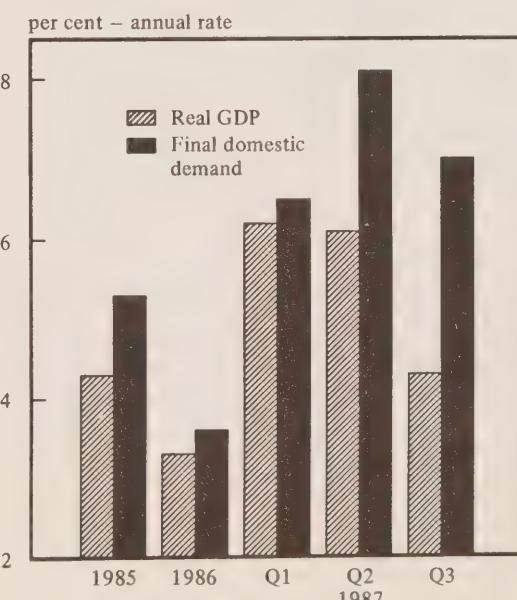


Chart 1.2
Change in Real Business Investment

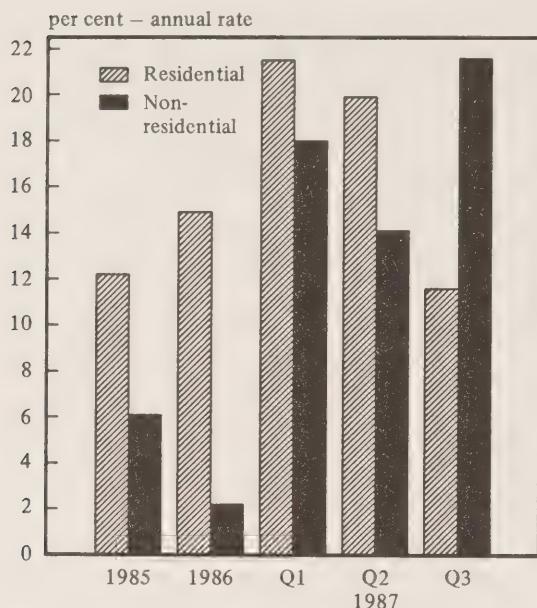


Chart 1.3
Employment Growth and the Unemployment Rate



Main Economic Indicators

(per cent changes at annual rates or per cent levels, unless otherwise indicated)

	1985	1986	1986			1987		
			Q2	Q3	Q4	Q1	Q2	Q3
Real gross domestic product	4.3	3.3	4.2	0.4	0.0	6.2	6.1	4.3
Final domestic demand	5.3	3.6	0.9	4.7	1.4	6.5	8.1	7.0
Consumption	5.2	3.9	4.4	7.1	0.3	3.4	7.9	5.5
Residential construction	12.2	14.9	5.0	13.6	12.3	21.5	19.9	11.6
Business fixed investment	6.1	2.2	-12.1	-3.1	3.3	18.0	14.1	21.6
Non-residential construction	5.6	-8.2	-31.4	-22.0	-1.2	10.8	9.5	11.7
Machinery and equipment	6.5	11.5	6.9	13.2	6.5	23.1	17.1	28.2
Business inventory investment	(\$b,a.r.)	2.4	3.6	4.5	3.1	1.3	1.0	-0.2
Non-farm	(\$b,a.r.)	1.7	1.7	2.1	0.9	0.1	1.1	-0.2
Trade balance	(\$b,a.r.)	18.4	16.6	18.9	16.2	16.4	17.0	16.9
Current account balance	(\$b, current, a.r.)	-1.2	-9.3	-6.3	-8.4	-11.7	-6.8	-7.0
Incomes and savings								
Real personal disposable income		4.2	1.1	0.4	-4.1	2.7	2.3	2.9
Profits before taxes		3.9	-4.8	7.1	5.9	38.0	23.7	42.1
Costs and prices	(%,Y/Y)							
GDP price deflator		3.2	2.9	2.7	2.5	3.2	4.2	4.8
Consumer price index		4.0	4.1	3.9	4.2	4.3	4.0	4.6
CPI - energy		5.6	-7.1	-8.2	-9.7	-13.0	-9.8	4.1
CPI - ex. food and energy		4.0	5.3	5.4	5.4	5.6	5.1	4.4
Unit labour costs		3.5	3.0	2.5	2.3	3.7	3.0	3.2
Labour market								
Unemployment rate		10.5	9.6	9.6	9.7	9.4	9.6	9.1
Employment		2.8	2.9	1.0	-1.1	2.6	3.2	4.6
Financial developments								
Exchange rate - closing	(U.S. cents)	71.52	72.44	72.34	72.07	72.44	76.60	75.08
Prime interest rate (end of period)		10.00	9.75	10.25	9.75	9.75	8.75	9.50
								76.26

Sources: Statistics Canada and the Bank of Canada.

quarters reflects the turnaround of non-residential construction investment and continued very strong growth in machinery and equipment expenditure. High rates of capacity utilization, the sound financial positions and strong cash flow positions of industrial corporations, continuing robust business confidence and higher international oil prices are the main factors behind the strong investment growth of recent quarters.

Consumer expenditure growth slowed somewhat in the third quarter due in part to a smaller increase in spending on new cars. Nevertheless, consumer spending growth in the third quarter was strong and remained substantially above the average for 1986. The savings rate dropped over one percentage point to 8.0%, reflecting continuing high consumer confidence.

Residential investment continued to increase very strongly, following two quarters of average growth exceeding 20%. Housing starts reached an annual rate of 263,000 units, the highest quarterly level in over nine years. Real business inventory investment rose by close to \$1.0 billion in the third quarter but the inventory-to-sales ratio remained well below its recent trend.

The recent sharp stock market downturn brought Canadian stock prices down to their mid-1986 levels, and price/earnings ratios have fallen from the unusually high levels reached earlier in the year. The precise effects on the economy are not yet clear but they are expected to be modest. The very healthy financial position of the corporate sector, the positive attitudes of consumers according to recent surveys and the actions by governments to inject liquidity into the international financial system will act to mitigate the impact of the stock market decline on the economy's growth prospects over the next year.

Buoyant Business Investment

Real business non-residential investment rose at a very rapid pace of 21.6% at an annual rate in the third quarter, following an increase of 16.0% on average in the first two quarters of the year (Chart 1.2). These were the three strongest consecutive quarters of growth in investment since 1981. The strength reflected both a turnaround in non-residential construction, after an 8.2% decline in 1986, and booming

machinery and equipment investment. In the third quarter, real residential investment increased at roughly half the 20% pace of the first half. With housing starts at very high levels, the growth of housing starts understandably slowed and activity in the market for existing housing eased.

Sharp Rise in Corporate Profits

Corporate profits before taxes continued to increase at an extremely strong pace. Since the third quarter of 1986, corporate profits have risen by close to \$14 billion, a 31% advance. Real returns on equity in the resource sector have recovered from the sharp drop in 1986 and, although there has been a slight deterioration in the non-resource sector, overall real returns on equity are comparable to their pre-recession levels. The liquidity positions of industrial corporations are at their highest levels since before the recession. With strong cash flow positions, corporations are able to finance their investment largely from internally generated funds.

Consumer Spending Remains Strong

The pace of consumer expenditure growth slowed somewhat in the third quarter but nevertheless maintained a strong annual rate of growth of 5.5%. The slowdown in growth was more pronounced for durable goods, especially purchases of new cars. The savings rate decreased further to 8.0%, and is now at its lowest level since mid-1972. The downward trend in the savings rate over the past several quarters reflects, in part, the continuing high degree of consumer confidence.

Trade Balance Down Sharply

Real net exports fell by \$3.6 billion to \$13.3 billion in the third quarter. Exports of goods rose by 3.1%, but imports increased 17.2%. The large increase in imports of goods was mainly due to much higher imports of machinery and equipment reflecting the substantial increases in business investment in recent quarters. Despite a strong increase in the terms of trade, the current account balance deteriorated by \$3.4 billion to a deficit of \$10.4 billion.

The Unemployment Rate Drops to 8.2%

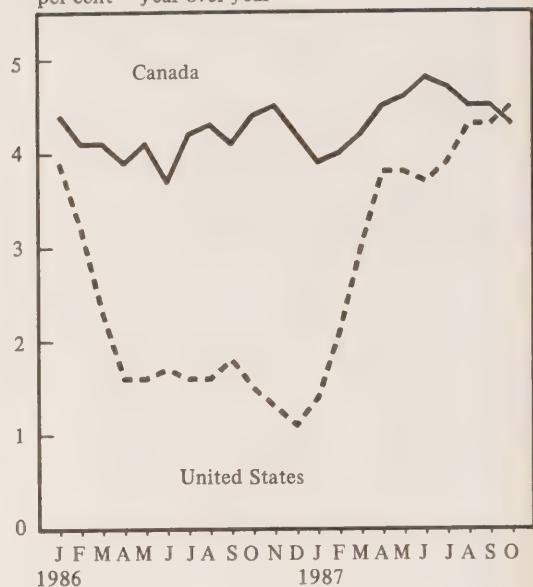
Employment increased at a very brisk pace in the first 11 months of the year, reaching a level of 12,114,000, 3.8% above its level in November 1986. The rate of increase in jobs created to date in 1987 is more than in any full year since the 1981-1982 recession (Chart 1.3). Employment gains in 1987 are spread across all age groups, industries and provinces. All net job gains were full time, as part-time employment actually remained unchanged. Employment growth surpassed labour force growth in most months of 1987 and the unemployment rate dropped to 8.2% in November from 9.4% in December 1986. The rate of unemployment is now at its lowest level since November 1981.

Inflation Down to 4.3%

The consumer price index (CPI) advanced 4.3% (year over year) in October, down from 4.5% in September and August and the yearly peak of 4.8% in June. Recent declines in food prices and a decline in energy prices in October account for the slower inflation in October. Consumer prices are now increasing at a slower rate in Canada than in the United States for the first time since December 1984. The rebound in U.S. inflation reflects a sharper turnaround in energy prices and the depreciation of the U.S. dollar (Chart 1.4).

Chart 1.4
CPI Inflation in
Canada and the U.S.

per cent – year over year

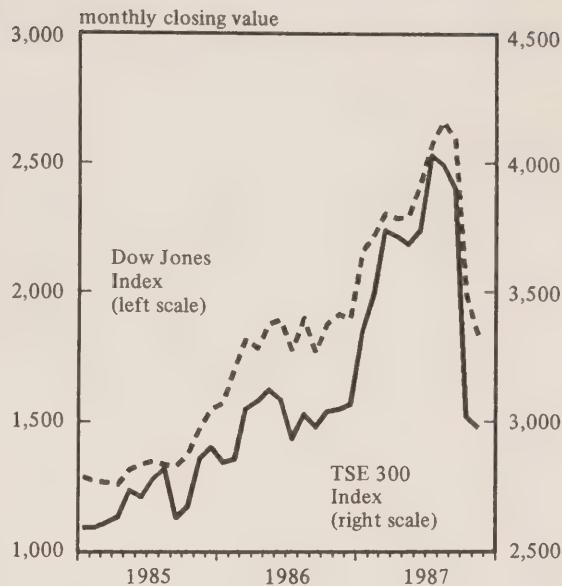


Stock Market Registers Record Drop

On October 19, North American stock markets experienced their largest ever one-day declines with the Dow Jones industrial index dropping 509 points (23%) and the TSE 300 index falling 401 points, or 11% (Chart 1.5). By the end of October, both the TSE 300 and Dow Jones were roughly 27% below their respective August peaks but still at levels above their 1986 average. Following the stock market crash, governments moved quickly to provide liquidity to stabilize financial markets.

Chart 1.5

TSE 300 and Dow Jones Industrials Indexes

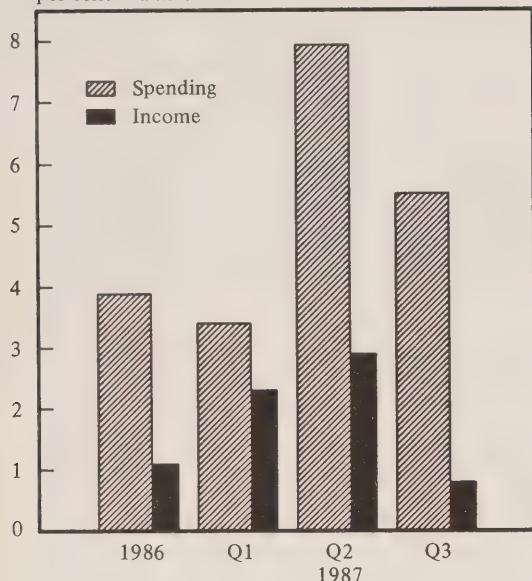


2. Personal Sector

Chart 2.1

Change in Real Personal Spending and Disposable Income

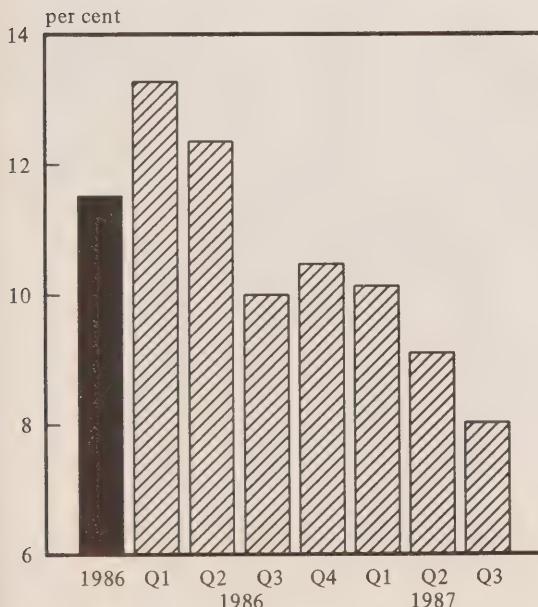
per cent – annual rate



Real personal expenditure increased at a strong annual rate of 5.5% in the third quarter, a somewhat slower pace than in the second quarter (Chart 2.1). The increase in spending in the third quarter was supported by continuing growth in real personal disposable income and a further reduction in the personal savings rate.

Chart 2.2

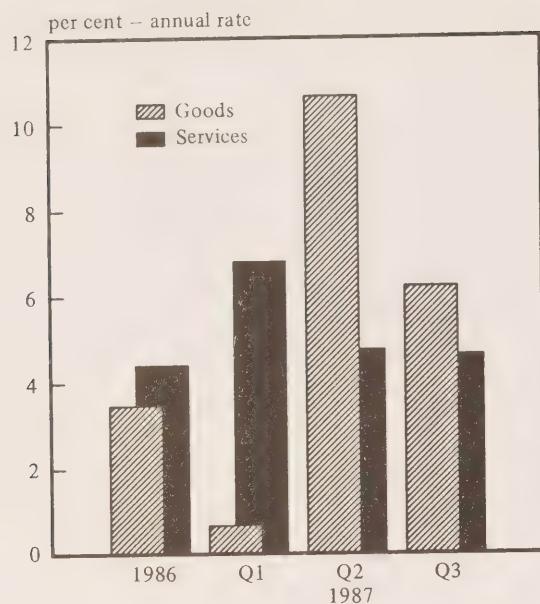
The Personal Savings Rate



After a slight increase at the end of 1986, the savings rate continued its downward trend in the first three quarters of 1987. The savings rate, at 8.0% in the third quarter, was 2.5 percentage points below its level at the end of 1986 (Chart 2.2) and at its lowest level since the second quarter of 1972. The downward trend in the savings rate reflects a high degree of consumer confidence.

Chart 2.3

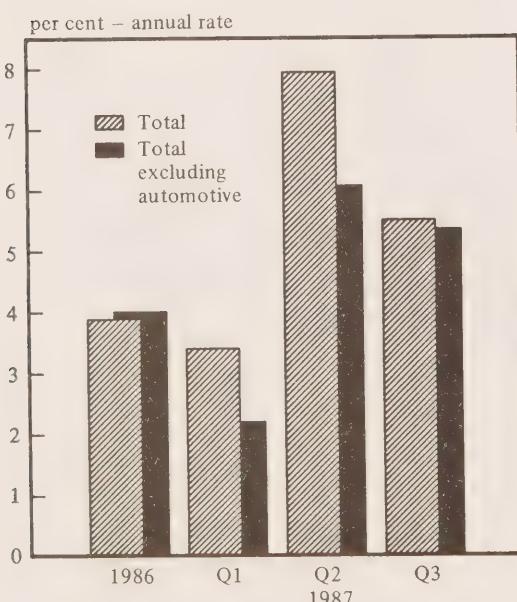
**Change in
Real Consumer Spending
on Goods and Services**



The slower growth of total consumer spending in the third quarter resulted from a decline in the rate of increase of spending on goods. After two quarters of widely different rates of growth, expenditure on goods and services increased at similar rates in the third quarter.

Chart 2.4

**Change in
Real Consumer Spending
Excluding Automotive Spending**

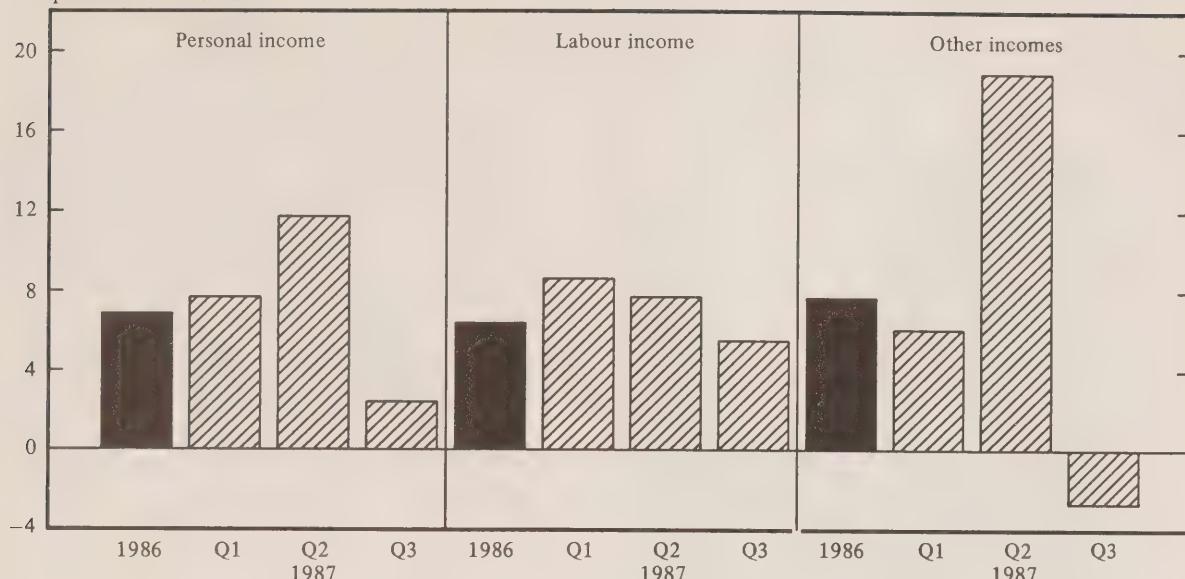


The strong growth of consumer expenditure to date in 1987 has been generally led by spending on automotive products. In the third quarter, auto spending continued to be higher than in 1986 despite a sharp slowdown in spending growth on new and used motor vehicles.

Chart 2.5

Change in Personal Income by Category

per cent – annual rate

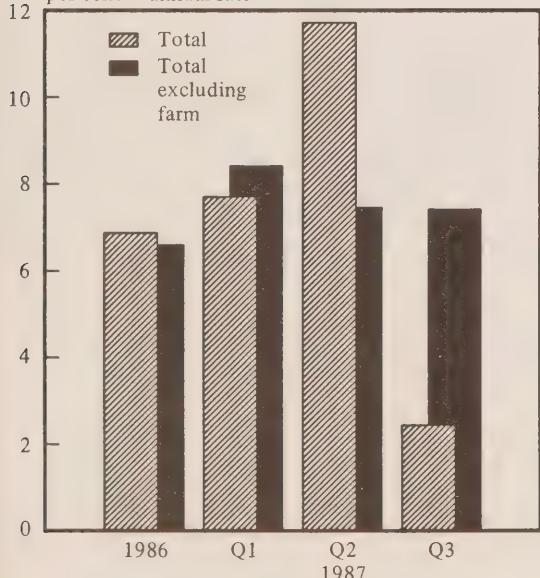


Note: Other incomes include transfers to persons (mainly from government), interest and investment income, and net income of farm operators and non-farm unincorporated business.

Chart 2.6

Change in Personal Income Excluding Farm Income

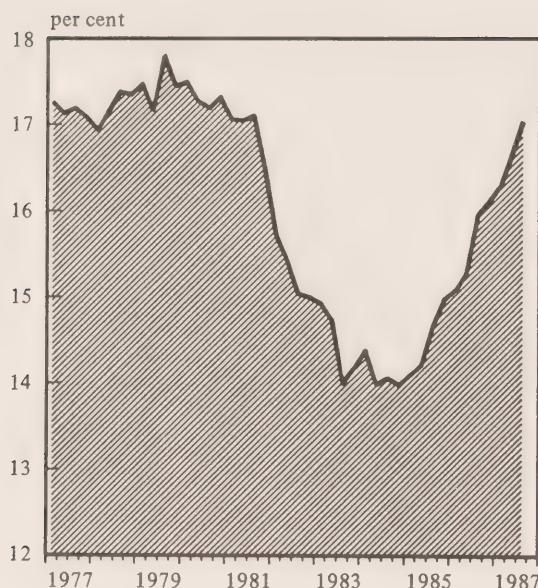
per cent – annual rate



Personal income grew at a slower rate in the third quarter, as growth of labour income eased and other incomes declined (Chart 2.5). The slowdown in labour income growth reflected a slower pace of employment gains, down from 1.1% at a quarterly rate in the second quarter to 0.6%. The decrease in the level of other incomes was heavily influenced by the timing of payments under Western Grain Stabilization and the Special Canadian Grains programs. Substantial payments were made from these programs in the second quarter but not in the third quarter (Chart 2.6). Excluding farm income, personal income grew at the same pace in the third quarter as in the second.

Chart 2.7

**Consumer Credit
as a Percentage of
Personal Disposable Income**



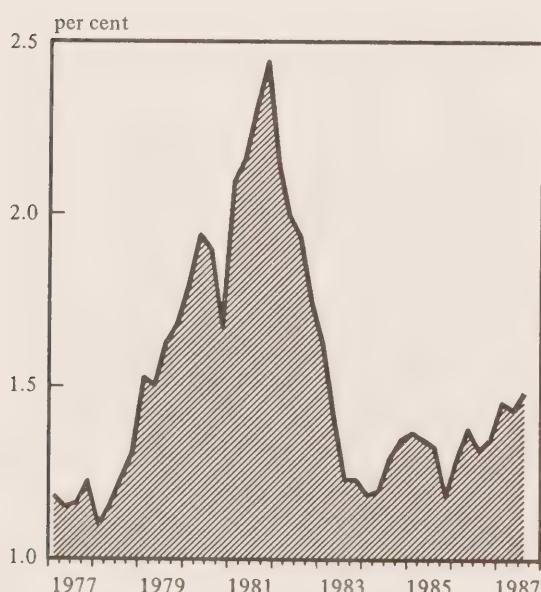
Using Bank of Canada monthly consumer credit outstanding data.

The high level of consumer confidence and willingness to spend have been reflected in sharp increases since 1985 in the ratio of consumer credit outstanding to personal disposable income (Chart 2.7). Nevertheless, the debt burden of consumers remains below the previous peak levels of the late 1970s.

Despite the increases in consumer debt, the financial position of consumers remains sound. The strong employment gains and, more recently, the easing of interest rates are positive developments for consumers.

Chart 2.8

**Interest on Consumer Debt
as a Percentage of
Personal Disposable Income**



Although the level of consumer credit has risen substantially, the burden of interest payments on consumer debt relative to disposable income has not increased substantially and remains well below levels in the 1979 to 1981 period. This reflects the much lower level of current interest rates compared to the earlier period.

3. Housing Sector

Chart 3.1

Change in Real Residential Investment by Category

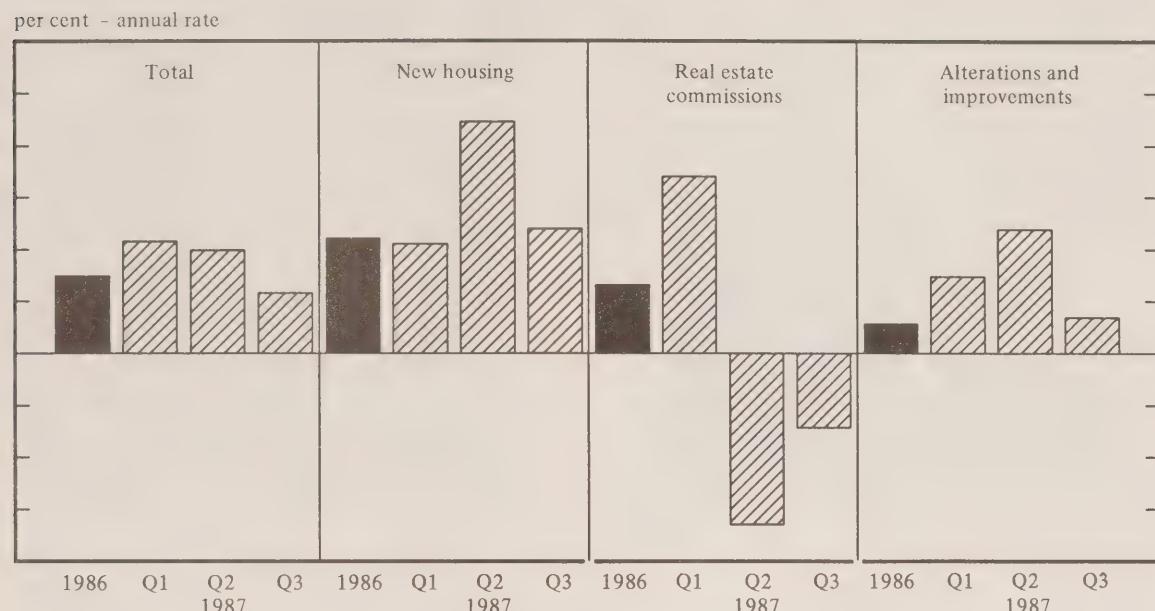
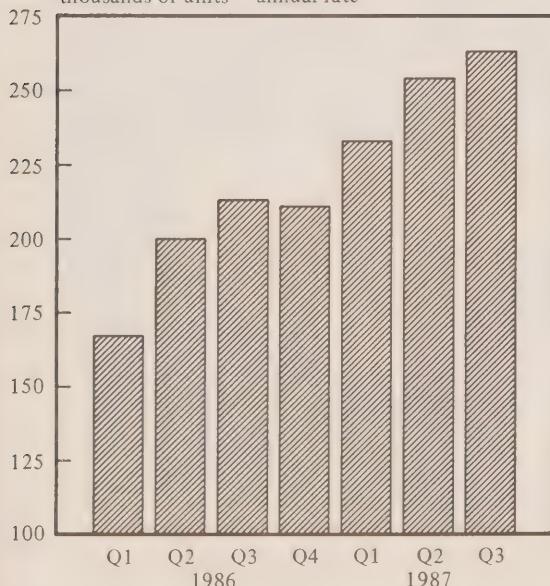


Chart 3.2

Housing Starts

thousands of units – annual rate



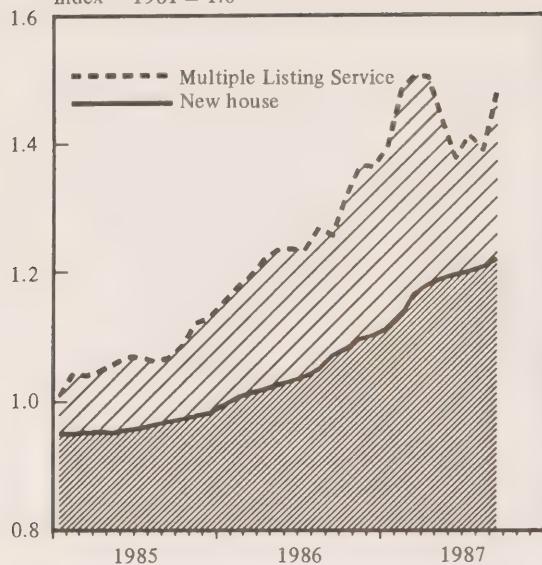
Real residential investment increased at a slower pace in the third quarter, following two quarters of growth of about 20% (Chart 3.1). The decrease in the growth of residential investment spending reflected a reduction in growth of spending for new house construction and on alterations and improvements as well as a second consecutive decline in real estate commissions.

Housing starts reached 263,000 units in the third quarter, the highest quarterly level in over nine years. The slowdown in the growth of spending on new house construction was due to a slowing rate of increase in housing starts and a shift towards lower-valued multiple units.

Chart 3.3

House Prices

index - 1981 = 1.0

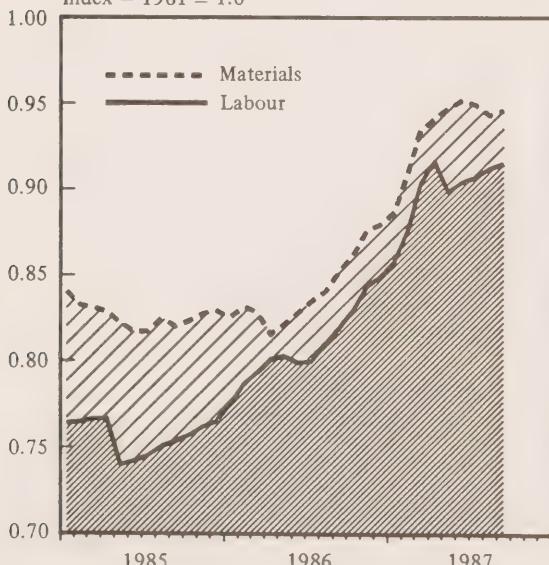


House prices have been volatile in the first three quarters of the year, after two years of strong increases (Chart 3.3). Prices in the resale market, as measured by the Multiple Listing Service (MLS) price, are below their peaks of early 1987 but in September were still about 17.6% above prices a year earlier. Increases in the price of new houses, which typically lag increases in the resale market, have slowed recently but in September were almost 14% above levels a year earlier.

Chart 3.4

Ratio of New House Price to Construction Cost by Component*

index - 1981 = 1.0

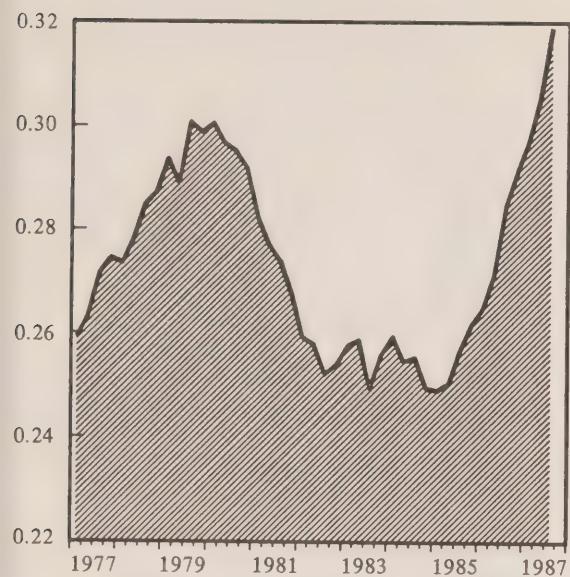


The profitability of house construction has stabilized at a high level in the past two quarters. The ratio of new house prices to construction costs has not increased noticeably in the last six months (Chart 3.4).

*House price is exclusive of land.

Chart 3.5

**Ratio of Household Mortgage Debt
to Personal Disposable Income**

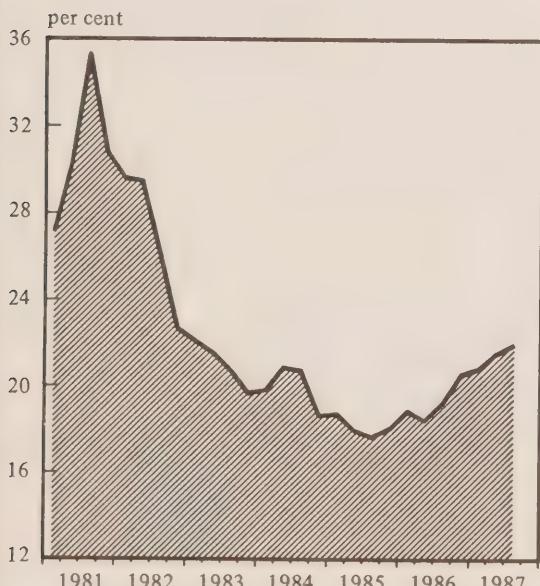


Using Bank of Canada monthly mortgage debt outstanding data.

Substantial declines in mortgage interest rates from peaks in the early 1980s have unleashed a strong pent-up demand for new housing on the part of the baby-boom generation, which has been reaching the home-buying age throughout the 1980s. As a result, there has been a substantial increase in personal sector mortgage liabilities as young families buy their first homes. The ratio of residential mortgage debt to personal disposable income has risen very sharply since mid-1985 to a new peak level.

Chart 3.6

Mortgage Payments on a Newly Purchased Home as a Share of Household Disposable Income*



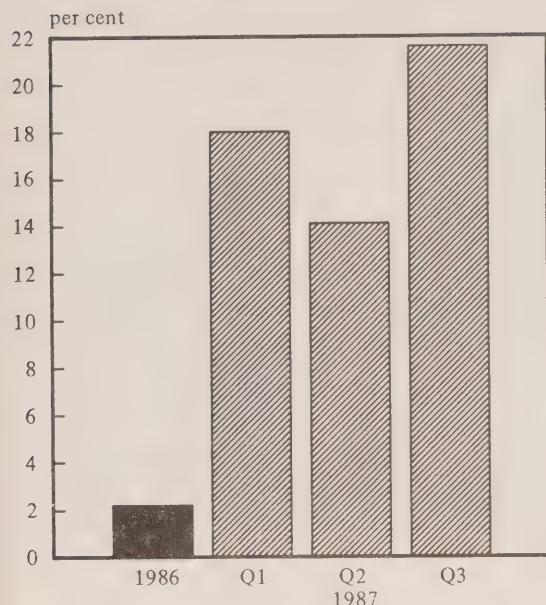
Housing affordability continued to deteriorate in the third quarter (Chart 3.6). However, the share of mortgage payments in the average household budget remains well below peak levels and housing market activity remains at a high level. Since mid-October, interest rates have declined by 3/4 to 1 percentage point.

*Department of Finance estimates.

4. Business Non-Residential Investment

Chart 4.1

Change in Real Business Non-Residential Investment



Real business fixed investment continued to increase very rapidly in the third quarter, expanding at an annual rate of 21.6%. In the previous two quarters, real business investment growth averaged 16.0%. These were the strongest three consecutive quarters of investment growth since the 20.5% average increase over the period from third quarter 1979 to first quarter 1980. It stands in sharp contrast to the 2.2% increase in 1986 (Chart 4.1).

Since the beginning of the year, growth in investment in machinery and equipment has led total investment, increasing at an average annual rate of 22.7%. Expenditures on electronic and computer-related equipment were particularly strong in the third quarter. Non-residential construction has been particularly responsible for the marked improvement in investment outlook since 1986. From an 8.2% decline in 1986, non-residential construction investment rose on average by 10.7% in the first three quarters of 1987.

Chart 4.2

Change in the Components of Real Business Non-Residential Investment

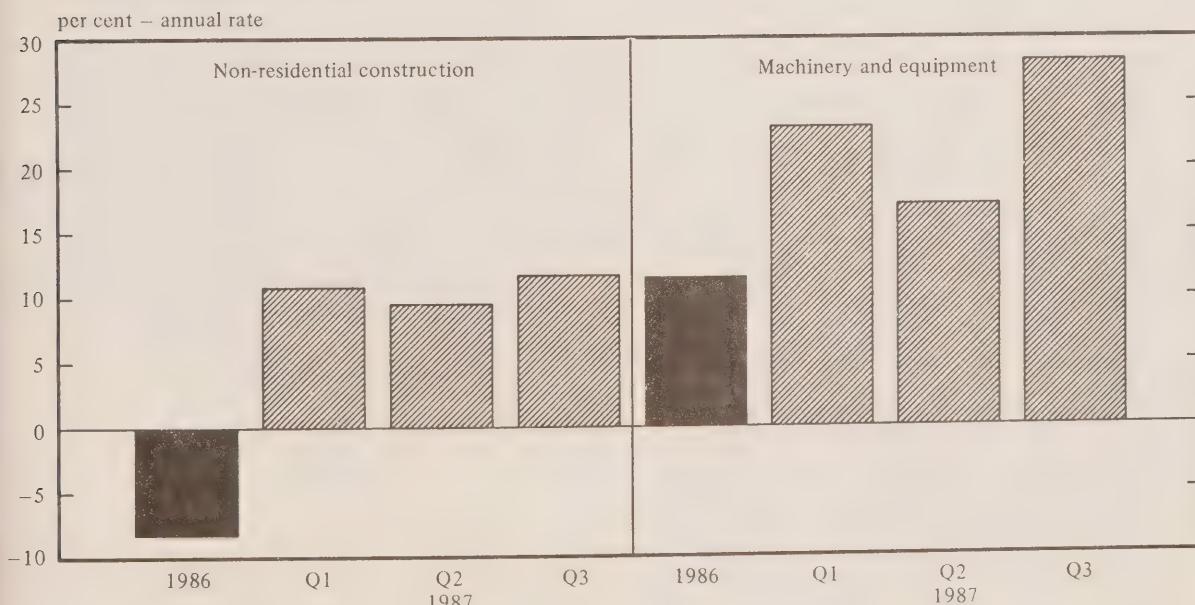
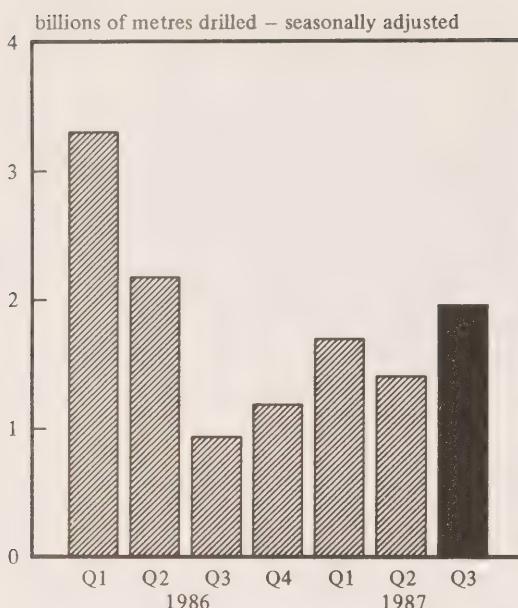


Chart 4.3

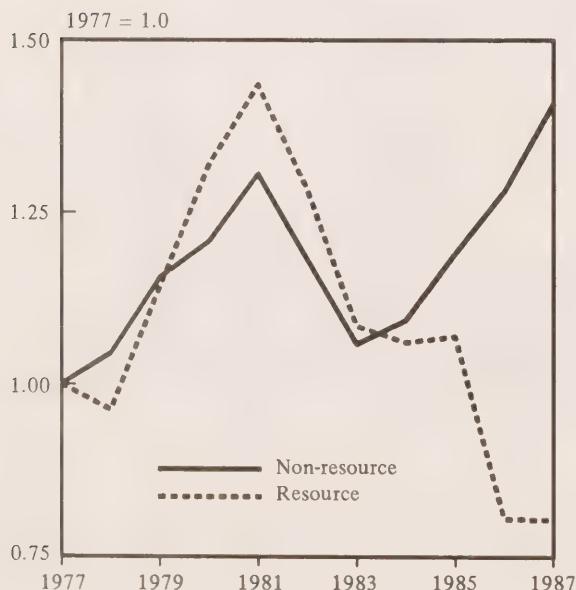
Canadian Oil and Gas Drilling Activity



The turnaround in non-residential construction in the first three quarters of the year was, in large part, due to increased oil and gas investment following a dramatic decline in 1986. An indicator of the strong pick-up in oil and gas investment is the 65% increase in drilling activity since the third quarter of 1986. The higher drilling activity resulted from increased cash flow to the oil and gas industry due to higher oil prices, the elimination of the federal government Petroleum and Gas Revenue Tax, and federal and provincial investment incentives.

Chart 4.4

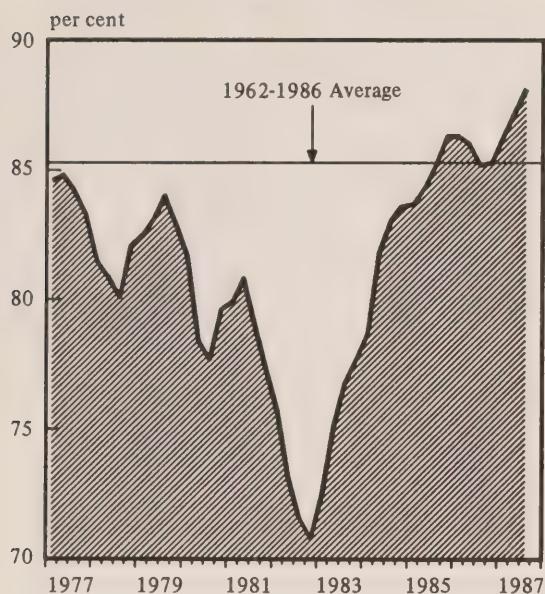
Indexes of Real Investment in the Resource and Non-Resource Sectors



Partly reflecting the recent improvements in petroleum sector investment and firming commodity prices, the large declines in real investment in the resource sector will level off in 1987, according to the Statistics Canada Public and Private Investment Intentions Survey. In contrast, the growth in non-resource investment has become progressively stronger throughout the recovery.

Chart 4.5

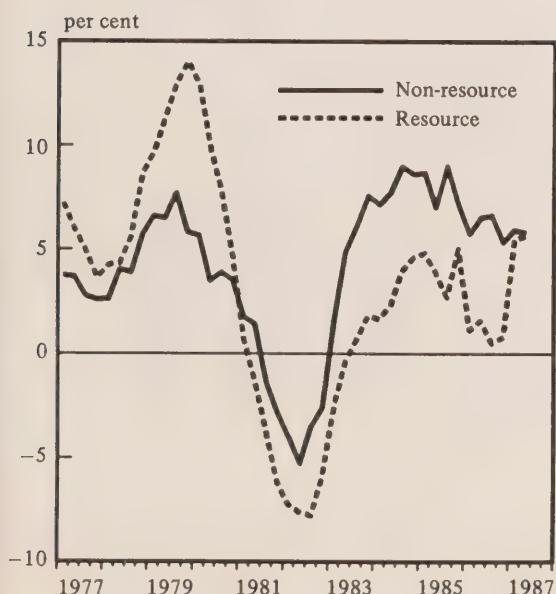
Goods Sector Capacity Utilization



A major stimulus to the investment growth in 1987 has been the high rates of capacity utilization of the existing capital stock. Capacity utilization rates for the goods-producing sector have been above average historical levels since mid-1985 and are currently at their highest levels since 1974 (Chart 4.5).

Chart 4.6

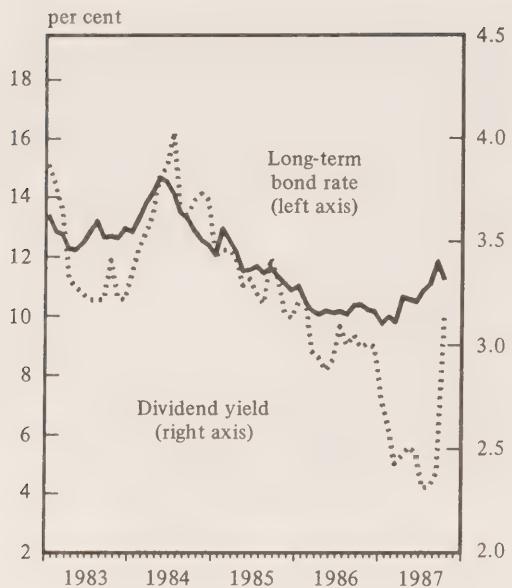
Real Return on Equity of Large Industrial Corporations



With the debt-to-equity and liquidity positions of industrial corporations at their healthiest levels since before the recession, Canadian businesses are in a good position to continue to invest. The current strong rates of return have increased the expected profitability of new investment. In the non-resource sector, the real return on equity has remained above average pre-recession levels since 1983, while in the resource sector it has recently recovered to its highest level since late in 1980 (Chart 4.6). The further 6.2% increase (at quarterly rates) in after-tax profits of industrial corporations in the third quarter will be reflected in further increases in profitability.

Chart 4.7

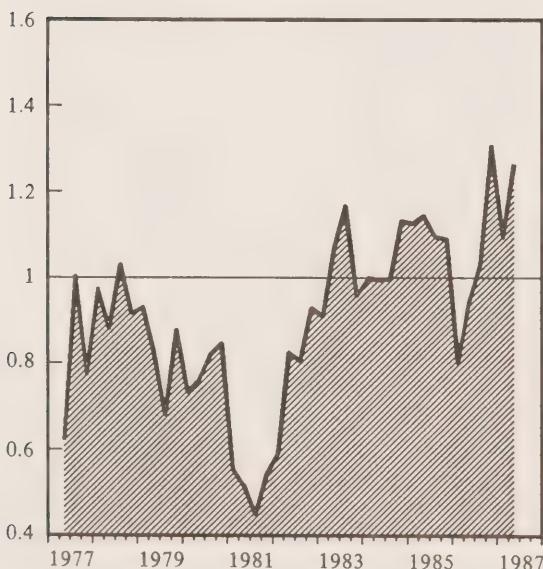
External Corporate Financing Costs



Despite the sharp decline in stock market prices in October, external equity financing costs remain relatively low. Both the dividend and bond yields are below their levels over the past five years (Chart 4.7). Partly offsetting the rise in equity financing costs has been a decline in debt financing costs, as short-term interest rates fell over 100 basis points and corporate bond rates fell by about 75 basis points since the stock market decline.

Chart 4.8

Ratio of Internal Cash Flow to Investment of Large Industrial Corporations



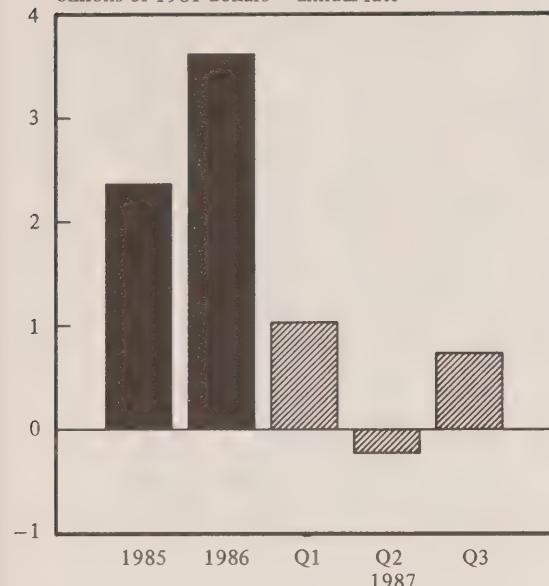
While external financing costs have risen recently, corporations have been more than able to finance the rapidly increasing investment expenditure with internal cash flow before dividends. The ratio of cash flow to investment of large industrial corporations has increased sharply since mid-1986 to levels much higher than during the past decade and especially the pre-1982 investment boom.

5. Business Inventories

Chart 5.1

Real Business Inventory Investment

billions of 1981 dollars – annual rate



Real business inventory investment increased by close to \$1.0 billion in the third quarter (Chart 5.1), contributing about one-fifth of overall GDP growth. The increase in inventory investment was largely the result of a turnaround in non-farm inventories to an accumulation of \$0.6 billion from a decumulation of \$0.2 billion in the second quarter (Chart 5.2). Despite the rise in the third quarter, non-farm inventory investment remains well below average levels in the previous two years. Farm inventory levels have been unchanged thus far in 1987 following a large increase in stocks in 1986.

Chart 5.2

Components of Real Business Inventory Investment

billions of 1981 dollars – annual rate

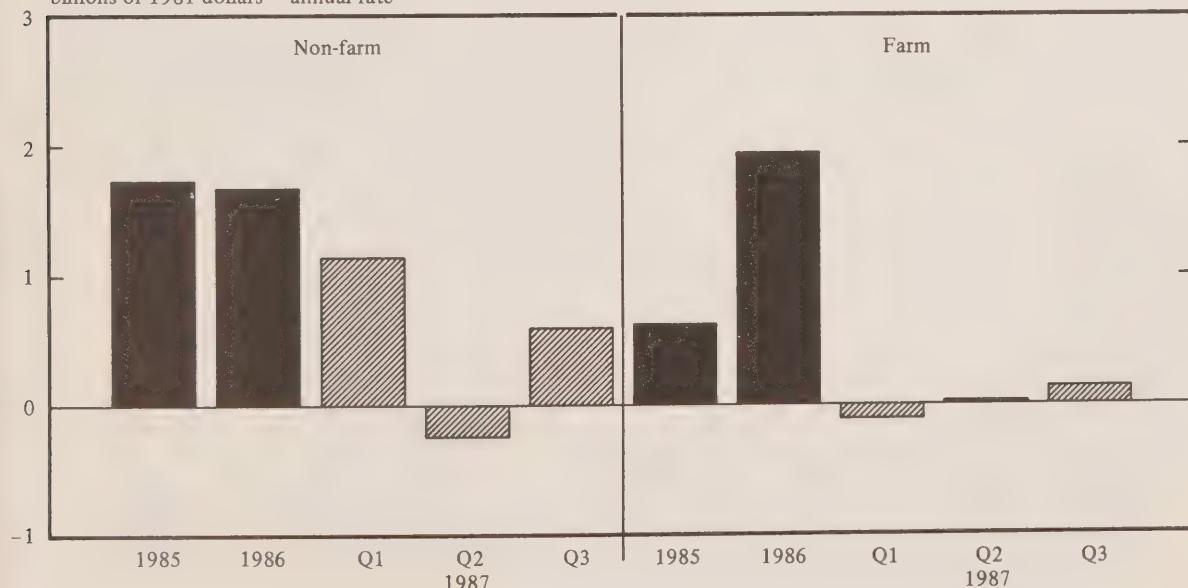
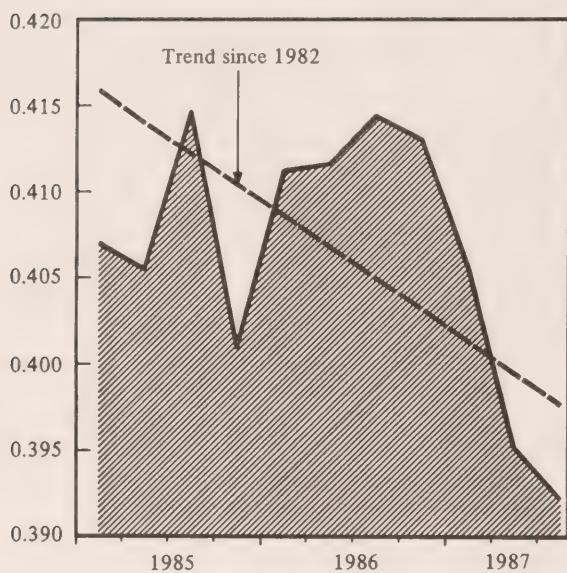


Chart 5.3
Business Inventory-to-Sales Ratio



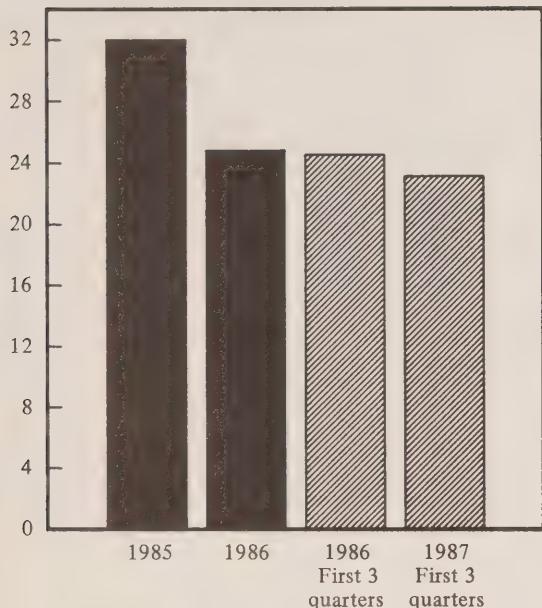
Despite the increase in inventory investment in the third quarter, the growth in the stock of inventories has not kept up with the strong growth in sales. As a result, the inventory-to-sales ratio fell further below its trend since the end of the 1981-1982 recession. With current inventory levels below trend levels, further increases in business inventory investment may be necessary in coming quarters.

6. Government Sector

Chart 6.1

Federal Deficit (CIEA Basis)

billions of dollars – annual rate



The federal deficit on a Canadian Income and Expenditure Accounts (CIEA) basis averaged \$23.1 billion over the first three calendar quarters of 1987, down somewhat from \$24.5 billion over the comparable period in 1986 (Chart 6.1). As a ratio of GDP, the deficit fell from 4.8% in the first three quarters of 1986 to 4.2% in the same period in 1987.

For the first three quarters of 1987, revenues advanced 9.1% and total expenditures rose 6.0% (Chart 6.2). Growth in revenues was led by advances in direct taxes on persons (reflecting in large part the strong growth in both income and employment) and direct taxes on corporations (reflecting the strong growth in corporate profits). Spending on goods and services, transfers to persons and debt interest advanced at about the rate of inflation while transfers to other levels of government and other spending grew more rapidly. The strong growth in the "other" component continues to reflect higher farm income support payments.

Chart 6.2

Change in Federal Government Revenues and Expenditures in the First Three Quarters of 1987 (CIEA Basis)

per cent – year over year

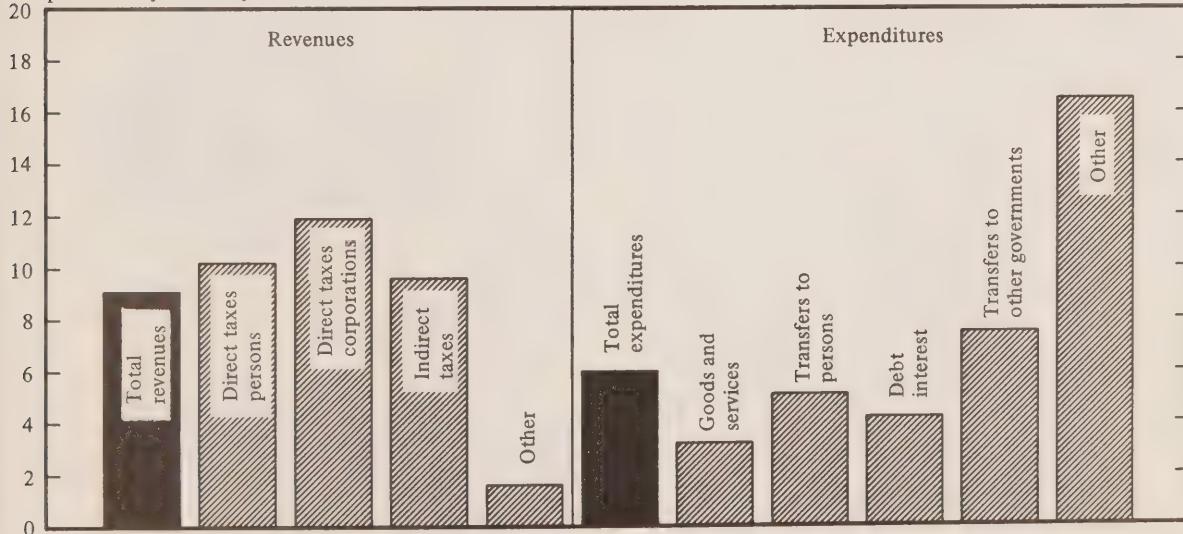
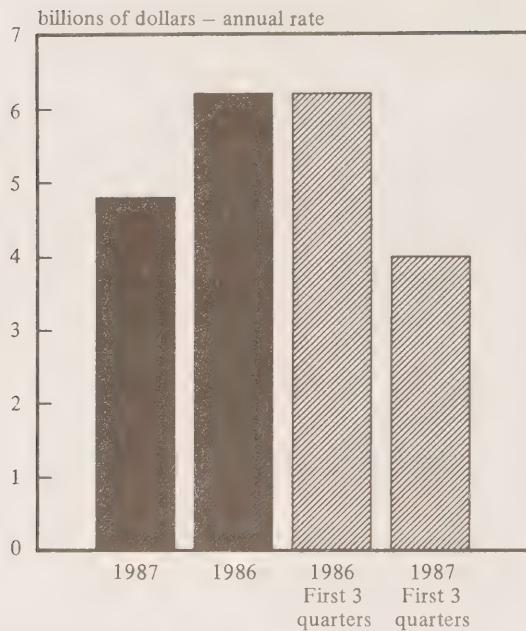


Chart 6.3

**Provincial, Local and Hospitals Deficit
(CIEA Basis)**



The deficit of the consolidated provincial-local-hospital (PLH) sector averaged \$4.0 billion over the first three quarters of 1987, down substantially from the \$6.2 billion recorded over the same period in 1986 (Chart 6.3). As a ratio of GDP, the deficit dropped from 1.2% to 0.7%.

Revenue growth in the PLH sector remained broadly based, reflecting the underlying strength of the economy and growth in federal transfers well beyond the rate of inflation (Chart 6.4). Expenditure growth was also broadly based, and reflected higher spending on goods and services, transfers to persons and debt interest. Modest growth in the "other" category of spending reflected declines in capital assistance and only a small increase in subsidies to business.

Chart 6.4

**Change in Provincial and Local Governments and Hospitals Revenues and Expenditures in the First Three Quarters of 1987
(CIEA Basis)**

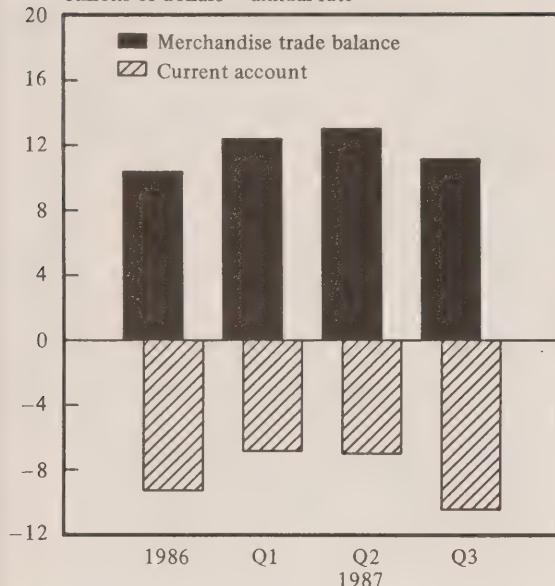


7. Foreign Trade and International Developments

Chart 7.1

Current Account Balance

billions of dollars – annual rate

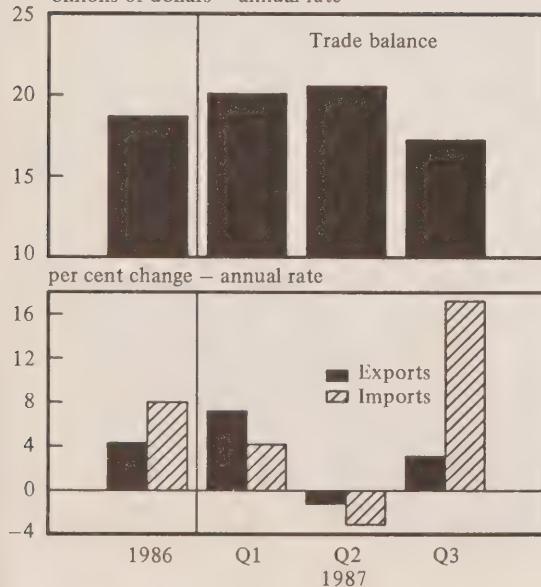


The current account deficit increased from \$7.0 billion in the second quarter to \$10.4 billion in the third. The merchandise trade surplus dropped to \$11.2 billion from \$13.0 billion in the second quarter. The non-merchandise trade deficit also widened, largely reflecting an increase in net investment income payments abroad.

Chart 7.2

Real Merchandise Trade

billions of dollars – annual rate

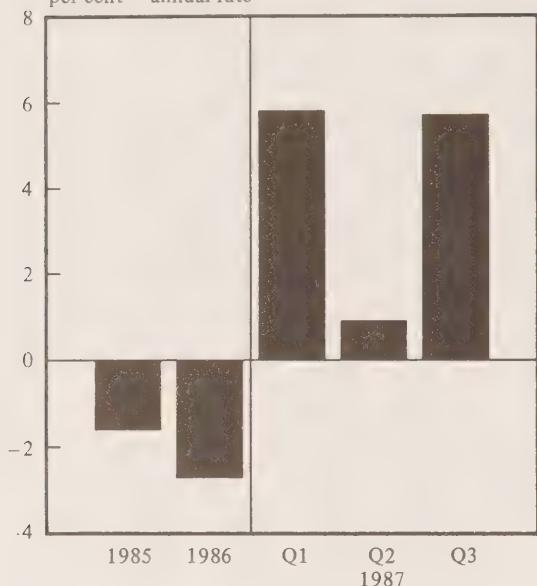


The trade surplus in real terms decreased substantially in the third quarter as a result of strong growth in imports. The real balance fell \$3.3 billion to \$17.3 billion (1981 dollars). Large increases in imports of machinery and equipment, due to the strong growth in investment spending by Canadian firms, as well as strong growth in imports of crude oil and automotive products, contributed to the rise in imports. Exports increased in the third quarter due mainly to strong growth in exports of natural gas and manufactured goods other than automotive products. The temporary closure of the GM and Ford plants for retooling during the third quarter reduced exports of passenger cars.

Chart 7.3

Merchandise Terms of Trade

per cent – annual rate

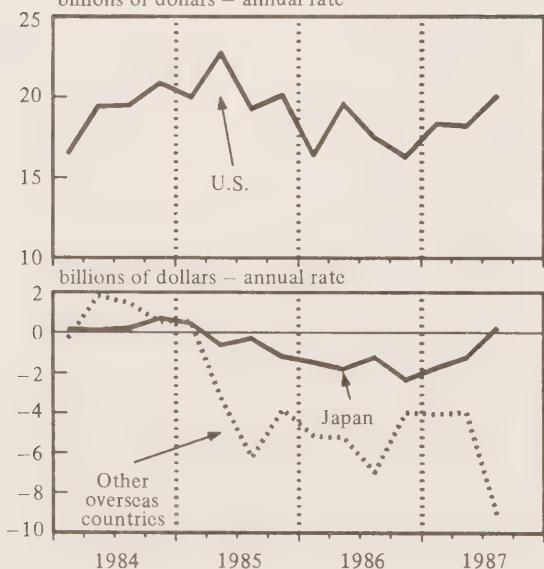


The terms of trade (the ratio of export to import prices) rose sharply during the third quarter due largely to a decline in import prices. It was the third consecutive quarterly increase in the terms of trade. Import prices of machinery and equipment, in particular, dropped sharply due to further declines in office equipment prices (computers). Export prices increased slightly in the third quarter, reflecting mainly higher prices for fabricated materials, such as pulp and paper, chemical products, aluminum and other non-ferrous metals. The improvement in the terms of trade to date in 1987 is also due to the rise in the value of the Canadian dollar on a trade-weighted basis (which tends to reduce Canadian dollar import prices more than Canadian dollar export prices).

Chart 7.4

Trade Balance with U.S. and Overseas Countries

billions of dollars – annual rate

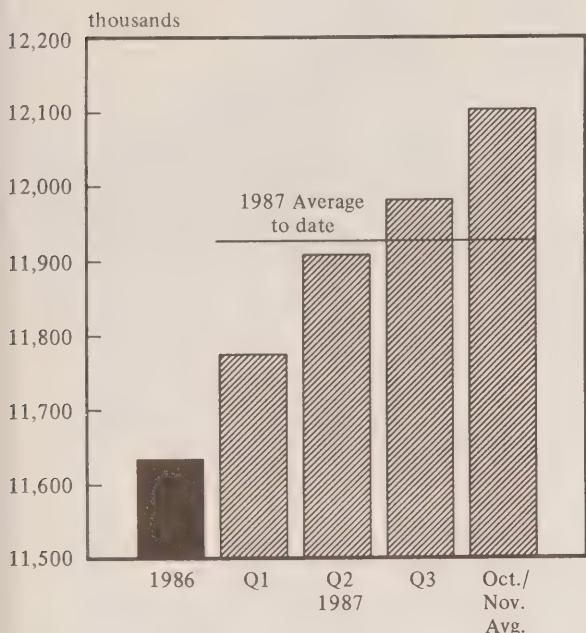


The nominal merchandise trade balance increased with the U.S. but deteriorated significantly with the overseas countries. On the basis of reconciled data, the trade surplus with the U.S. increased by \$2 billion to \$20.1 billion in the third quarter. With overseas countries, the trade deficit increased to \$8.9 billion from \$5.2 billion in the second quarter. The deficit with overseas countries had previously decreased \$3 billion from the third quarter of 1986. For the first time since the beginning of 1985, Canada registered a trade surplus with Japan, amounting to \$244 million in the third quarter. The move into surplus reflects mainly increased exports of raw materials and semi-manufactured goods, especially lumber and wood pulp. The deficit with European countries increased to \$5 billion in the third quarter.

8. The Labour Market

Chart 8.1

Employment in 1986 and 1987

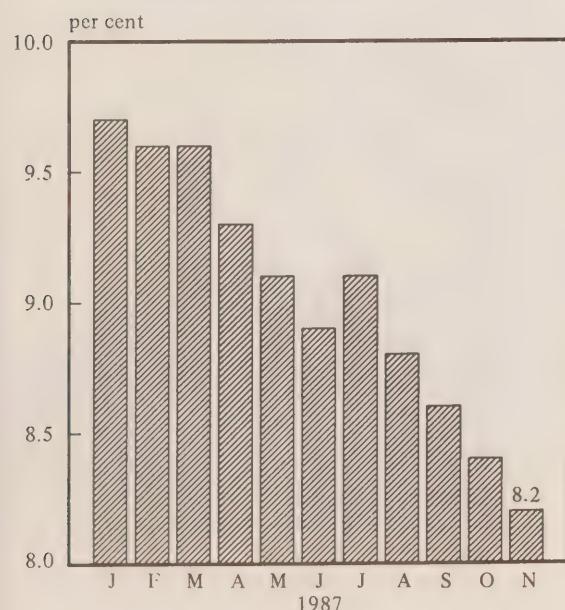


Employment continued to grow strongly in October and November, following strong gains in the first three quarters of the year.

Employment gains averaged 36,200 per month in 1987 (a 3.7% annual rate) and this pace has accelerated in the last two months to 41,500 jobs (a 4.2% annual rate). Employment gains in 1987 have been widespread across age groups, industries and provinces, and net gains in employment were all full-time jobs. Part-time employment has been unchanged over all in 1987.

Chart 8.2

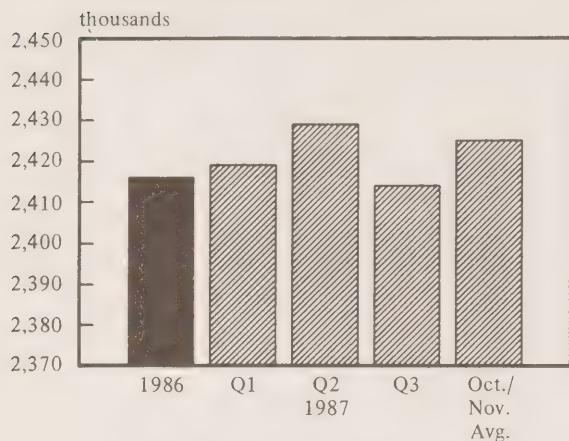
The Unemployment Rate



In contrast to 1986, employment growth in 1987 has significantly exceeded labour force growth. As a result, the unemployment rate has declined to 8.2%, 1.2 percentage points below its December 1986 level, and its lowest level since November 1981.

Chart 8.3

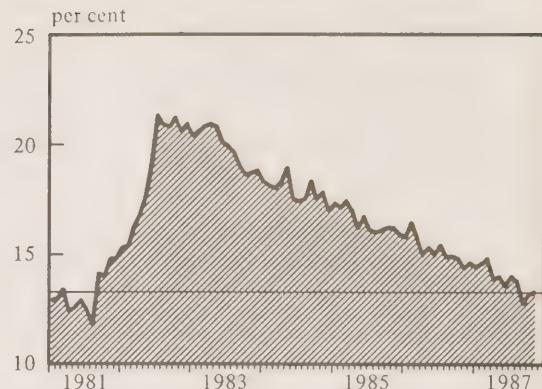
Youth Employment in 1986 and 1987



Employment has increased strongly for both youths and adults to date in 1987. Adult employment has risen at an annual rate of 4.3% and youth employment by 1.4%. However, employment growth for youths, when measured against their declining population, has led to an increase in their employment/population ratio of

Chart 8.4

The Youth Unemployment Rate



more than twice that of adults in 1987. As a result, the youth unemployment rate has recovered virtually all of its recession increase and is now at its lowest level since August 1981. The adult unemployment rate has also declined substantially in 1987, and has now recovered two-thirds of the recession increase.

Chart 8.5

Adult Employment in 1986 and 1987

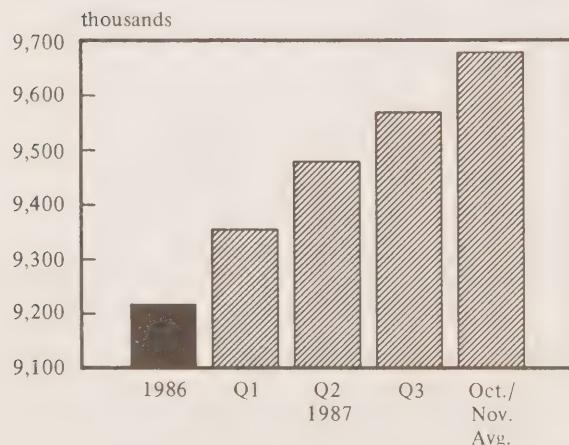


Chart 8.6

The Adult Unemployment Rate

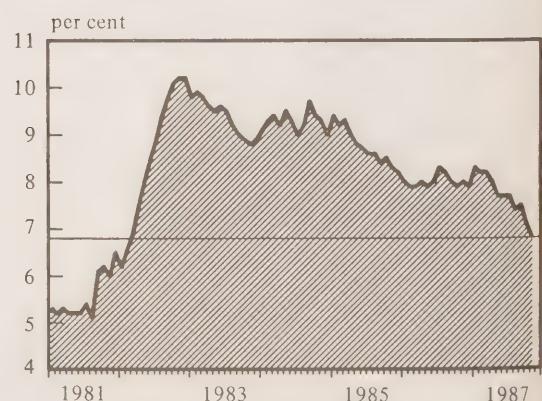


Chart 8.7

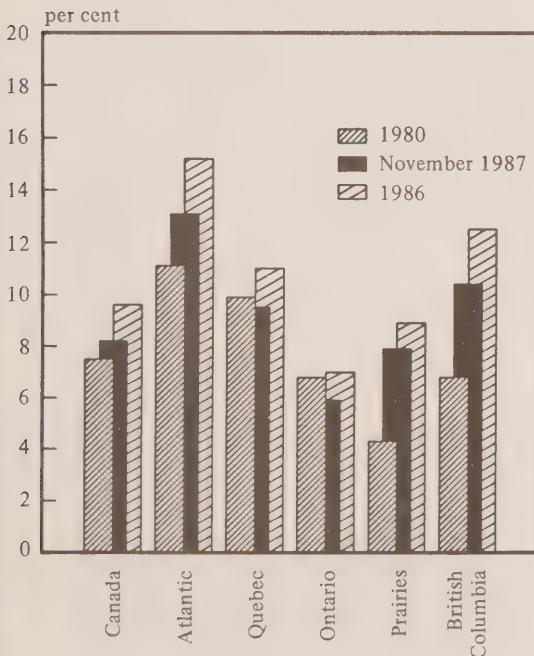
Indexes of Employment by Sector

July 1986 = 100



With the exception of a slight decline in July, employment has increased steadily over the last 17 months. Cumulative employment growth has been virtually identical in goods and services industries over this period. Goods employment has been especially strong in 1987 (Chart 8.7). All provinces, except Manitoba, shared in the employment growth of 1987.

Chart 8.8

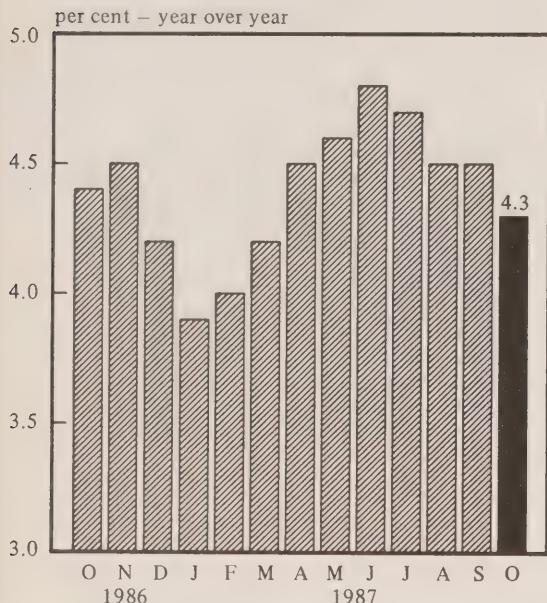
**Unemployment Rates by Province
Relative to 1980**

The unemployment rate has declined in all provinces during 1987 and especially in the Atlantic region where employment gains were the largest. As a result, by November 1987 every province had a lower unemployment rate than the average in 1986. However, only Ontario and Quebec have seen their unemployment rates recover to below the 1980 (pre-recession) rate. The unemployment rate in the Atlantic region declined to about 2 percentage points above the 1980 level while the West remains well above the 1980 level. The gaps in the West reflect the impact of the 1986 resource price declines, especially for petroleum and grain.

9. Price and Wage Sector

Chart 9.1

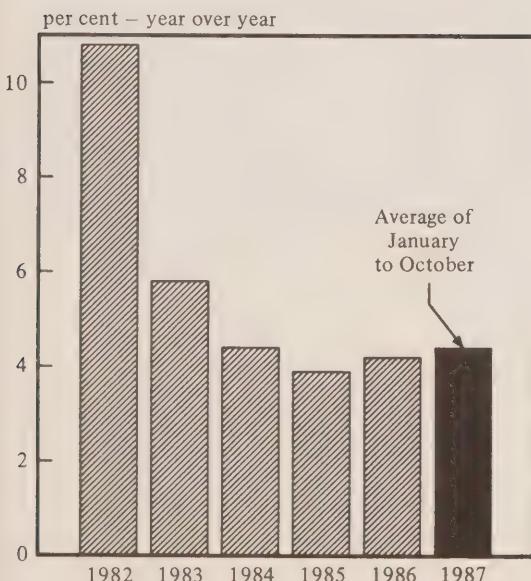
CPI Inflation Since October 1986



The all-items CPI in October advanced 4.3% (year over year), down from 4.5% in September and the 4.8% 1987 peak registered in June. After experiencing strong growth during the second quarter, food prices fell over the last three months, moderating increases in the all-items index. Also, energy prices increased at a slower rate in the third quarter and declined 0.2% in October from the previous month. Excluding energy prices, the CPI advanced 3.9% on a year-over-year basis.

Chart 9.2

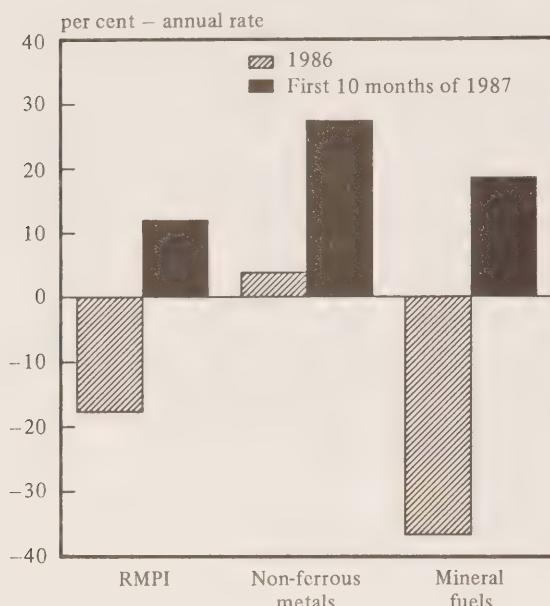
CPI Inflation Since 1982



Despite some acceleration in the CPI during the first half of 1987, particularly in the second quarter, price increases to date in 1987 have remained moderate. During the first 10 months of the year, the CPI advanced 4.4% over the same period a year earlier, up slightly from 4.1% in 1986 but generally in line with inflation rates registered since mid-1984.

Chart 9.3

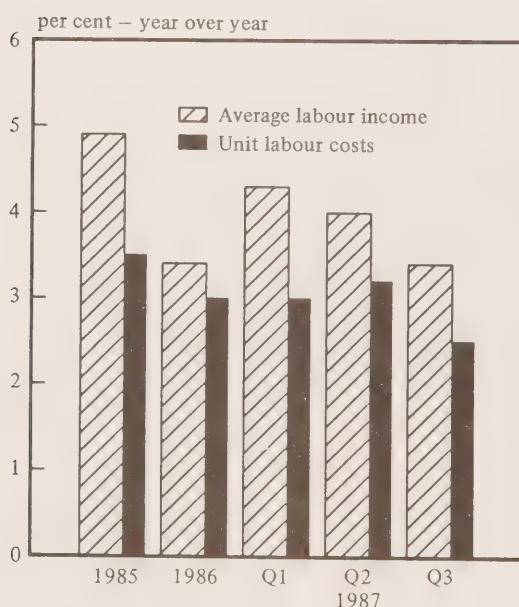
Change in the Raw Materials Price Index (RMPI)



The raw materials price index (RMPI) fell 1.5% in October after a slight decline in September (0.2%). This is in contrast to sharp increases recorded over the previous 12-month period. The rise so far this year in the RMPI is the result of higher mineral fuels and accelerating non-ferrous metal prices, notably copper, nickel and precious metals. During the first 10 months of 1987, the RMPI rose 12.0% (annual rate). Excluding mineral fuels, the RMPI advanced 7.8%.

Chart 9.4

Change in Average Labour Income* and Unit Labour Costs**



Despite the tightening of the labour market, unit labour cost increases continued to be moderate, registering 2.5% in the third quarter on a year-over-year basis and only 1.6% to date this year at an annual rate. Average labour income rose 3.4% (year over year) in the third quarter, down from the 4.1% experienced in the first half of 1987. Average labour productivity continued to increase at a strong pace in the third quarter.

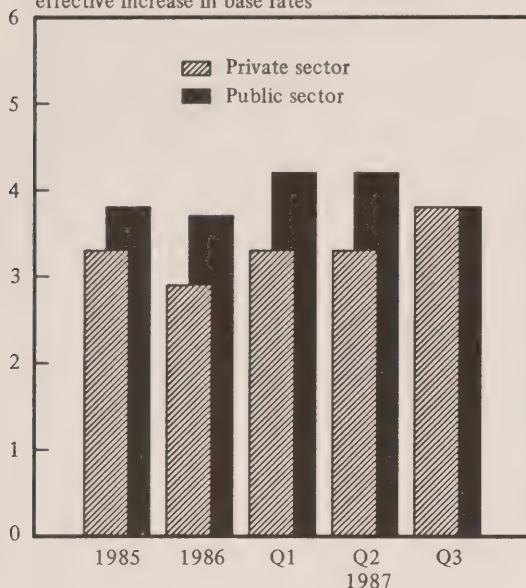
*Labour income divided by employment.

**Labour income divided by real output.

Chart 9.5

Wage Settlements (all agreements)

effective increase in base rates

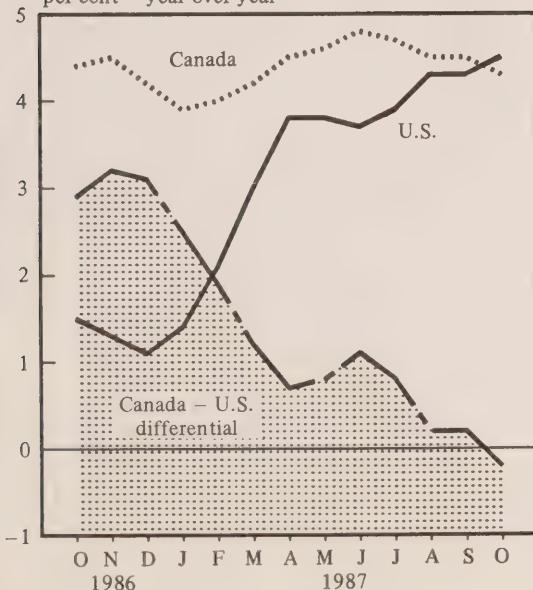


In the third quarter, wage settlements (covering 500 employees or more) in the private sector rose to 3.8% from 3.3% in the previous quarter. The third quarter was, however, a relatively light bargaining quarter as only 87 agreements were signed involving 161,700 employees (the average over the past two years has been 131 agreements with 242,300 employees). Public sector wage settlements decreased to 3.8% in the third quarter from 4.2% in the previous quarter. The gap between public and private sector wage settlements was eliminated in the third quarter.

Chart 9.6

CPI Inflation in Canada and the U.S.

per cent – year over year

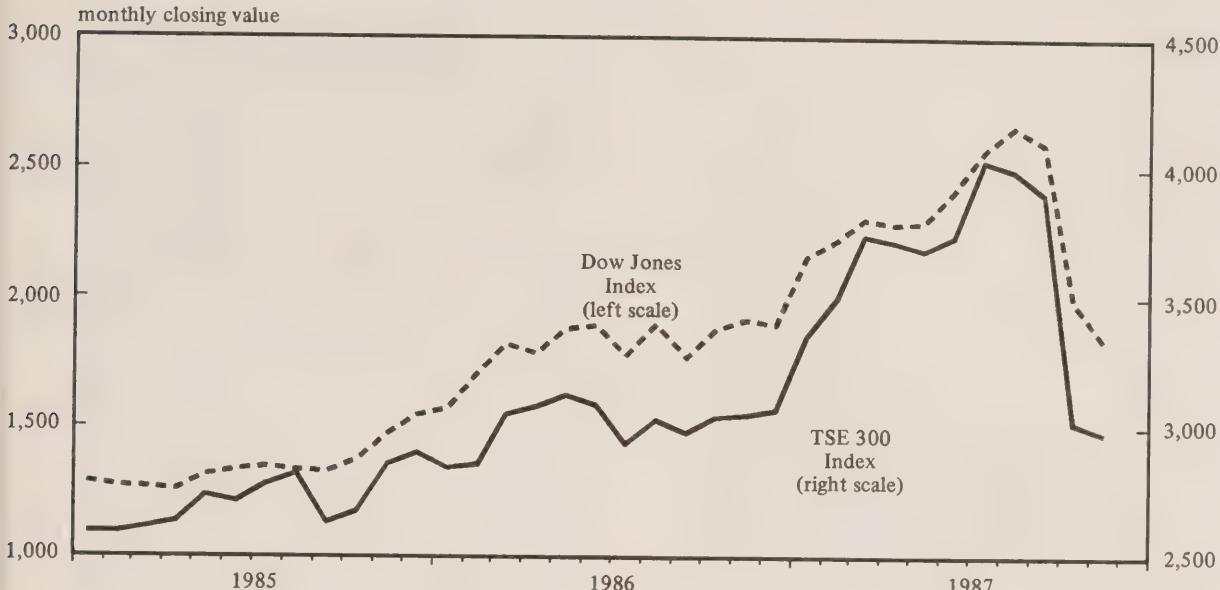


Inflation in the U.S. picked up more than in Canada in the first 10 months of 1987 as a result of the turnaround in energy prices as well as the falling value of the U.S. dollar. After reaching a very low level of 1.1% (year over year) in December 1986, the growth in the all-items CPI in the U.S. accelerated to 4.5% in October, exceeding Canada's inflation rate of 4.3%. Consequently, the differential between inflation rates in Canada and the U.S. has turned from 3.1 percentage points in favour of the U.S. in December 1986 to 0.2 percentage points in Canada's favour in October.

10. Financial Sector

Chart 10.1

TSE 300 and Dow Jones Industrials Indexes

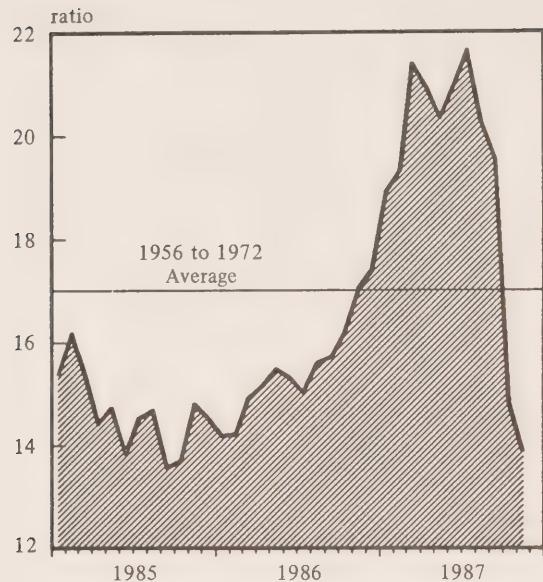


Share prices fell dramatically on world stock markets in October. On both the Toronto Stock Exchange and the New York Stock Exchange share prices had been slipping from mid-August through to mid-October when they suddenly plunged. On Monday, October 19, share prices fell by nearly twice the previous record decline (in percentage terms). By the end of October, the TSE 300 and Dow Jones industrial indexes had lost 23% of their value relative to the end of September and 27% relative to their August peaks. Since the plunge, the stock market has been somewhat volatile without exhibiting any definite trend.

The stock market gained very strongly throughout the recovery-expansion. By the third quarter of 1987, the TSE 300 and Dow Jones indexes had gained 114% and 154% respectively relative to the end of 1982. The October plunge erased only a part of these gains. As of the end of November, the TSE index had fallen back to its levels of mid-1986 while the NYSE was still above its level at the end of September 1986. Both remained above their 1986 averages.

Chart 10.2

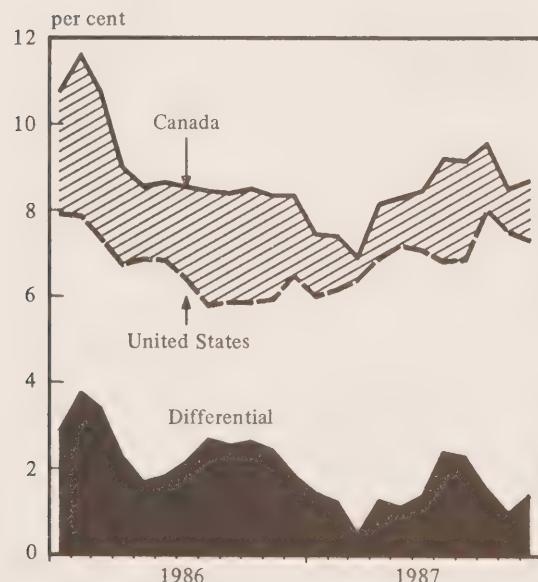
**TSE 300 Price/Earnings Ratio
by Month in 1986 and 1987**



In early 1987, soaring share prices pushed the price/earnings ratio well above a normal level as represented by the 1956 to 1972 average price/earnings ratio of about 17. Price/earnings ratios were well below 17 from the mid-1970s through to 1982, likely reflecting high and increasing inflation prevalent through that period. The recent declines in share prices have resulted in a drop in the price/earnings ratio to well below the 1956 to 1972 average level.

Chart 10.3

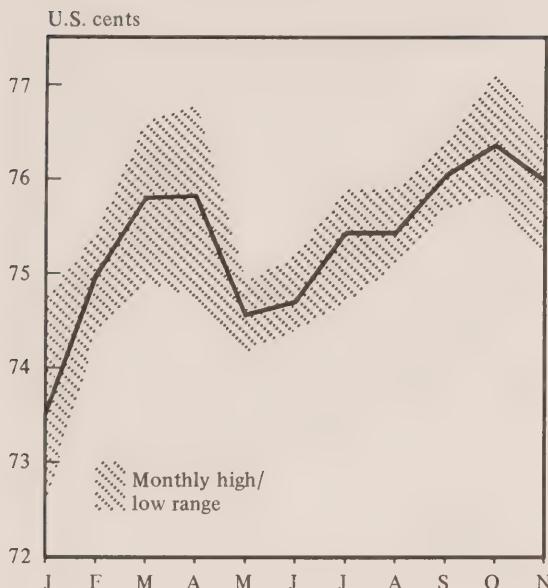
**90-Day Commercial Paper Rate
in Canada and the U.S.**



Prior to mid-October, both Canadian and U.S. interest rates had been moving upwards. In the wake of the stock market crash, the Canadian and U.S. monetary authorities moved quickly to provide liquidity to stabilize financial markets, and short-term interest rates dropped sharply. The Canada-U.S. interest rate differential on 90-day commercial paper fell to one percentage point by the end of October, but since then Canadian interest rates have moved back up slightly and the differential had widened to 1.40 percentage points by the end of November.

Chart 10.4

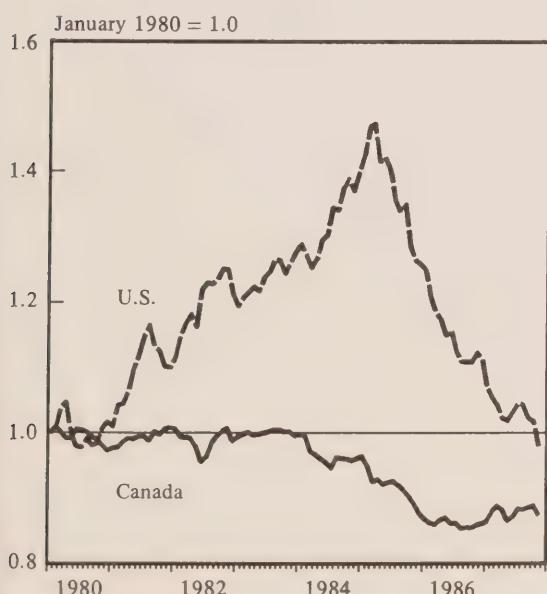
**Canadian Dollar in 1987
(Average Noon Value)**



The Canadian dollar moved briefly above U.S. \$0.77 before the stock market events of October 19, continuing the pattern of gains evident since May. Following those events, the Canadian dollar initially lost some ground, but remained at or above summer levels. During the first week of December, the dollar traded above U.S. \$0.76.

Chart 10.5

**Canadian and U.S. Trade-Weighted
(G-10) Exchange Rate Indexes**



Both the Canadian and U.S. dollars have continued to lose ground against overseas currencies. However, the Canadian dollar has gained against the U.S. dollar. Since Canada's trade is predominantly with the U.S., the gains against the U.S. dollar have more than offset losses against overseas currencies and the trade-weighted exchange rate has risen slightly in 1987. In contrast, the U.S. trade-weighted exchange rate has continued to fall dramatically. Relative to its March 1985 peak, the U.S. dollar trade-weighted index has lost 33% of its value and is now below its January 1980 level.

Special Reports

Special Reports

The Quality of Job Creation in the Last Three Years

Prepared by:

Lori Ridgeway
Economic Analysis and Forecasting Division
Fiscal Policy and Economic Analysis Branch
Department of Finance.

Canada's Foreign Assets and Liabilities

Prepared by:

James F. McCollum
Financial Analysis Division
Financial Sector Policy Branch
Department of Finance.

Views expressed in these special reports represent those of the authors and should not be attributed to the Department of Finance.

11. The Quality of Job Creation in the Last Three Years

Introduction and Summary

Strong job creation has been a key characteristic of the Canadian economy throughout the recovery from the 1981-1982 recession.

Employment growth over the December 1982 to December 1986 period averaged 2.8% annually, or 306,000 jobs per year. This pace has accelerated in 1987 with 398,000 jobs created, a rate of employment growth of 3.7% at annual rates.

Despite this employment performance, which has been the best among the major industrial countries, some concerns have been expressed about the "quality" of the jobs created. The concern is based on the observation that there has been an increasing share of largely service sector jobs in total employment, and an apparent view that the "quality" of service sector employment is lower than that of employment in other sectors of the economy.

This report analyzes the "quality" of the jobs created in Canada over the three-year period August 1984 to August 1987.⁽¹⁾ The next section examines the argument that the strong growth of services sector employment has meant that only low-quality, low-paying jobs are being created. This evidence is essentially indirect. Although the industrial classification of labour force data show that the services sector has accounted for the largest number of jobs created, this classification of job creation is too broad to answer questions on job quality. For example, lumped into the general category of services are a wide variety of jobs, paying quite different wages and requiring the holders of those jobs to perform quite different tasks. A more direct measure of job "quality" can be obtained by reclassifying the same labour force data according to tasks or occupations. This reclassification cuts across industrial categories since many occupations are found in both the goods and services sectors.

The reclassified data show that the generally perceived higher-quality and clearly high-paying professional occupations have led employment growth over the past three years. The managerial and administrative occupations alone accounted for about 28% of total job creation, about the same share as the three major services-oriented occupations of clerical, sales and services-provision combined. Total professional occupations, a Statistics Canada aggregation of seven occupations including the managerial and administration occupations, accounted for **nearly half** the jobs created in this period. A great many of these professional jobs were in the services industries, discrediting the often-expressed notion that most services industry jobs are poor quality jobs.

Indirect Evidence on the Quality of Job Creation

The strong growth of employment in the services sector of the economy is the basis for arguments that recent job creation has been largely concentrated in low-quality jobs. The services sector is sometimes viewed as providing lower-quality jobs because this sector has a higher proportion of lower-paying jobs than the goods-producing sector.

When looking at the composition of total employment growth from August 1984 to August 1987, employment increased very strongly in the community, business and personal (CBP) services industry and strongly in the other service sectors except public administration (Chart 11.1). Nevertheless, the strongest growth occurred in two goods industries – manufacturing and construction – reflecting rebounds from low employment levels during the recession.

(1) The latest data available for this analysis were for August 1987. The data are not seasonally adjusted, necessitating a year-over-year analysis. Only part of the data which are needed for this analysis are available prior to 1984, due to the change from the 1971 Census Classification of Occupations to the 1980 Standard Occupational Classification.

Since the community, business and personal services and the trade sectors account for a large share of total employment, growth in these two sectors was enough to make them the dominant job creating sectors. Chart 11.2 shows their dominance in total job creation over the last three years.

- The CBP services industry led job creation, accounting for 48% of total employment gains in the August 1984 to August 1987 period.
- Together, CBP services and trade accounted for nearly 66% of total job creation over this period.
- The goods sector, in total, accounted for only 20% of job creation.

However, these industry data give a misleading view of the actual **types** of jobs being created, for two reasons:

- These broad industry categories obscure significant job growth in industry sub-categories which can change the interpretation of the results significantly. For instance, within CBP services industries, services to business was one of the fastest growing sub-sectors. This sub-sector provides many very high-quality jobs (such as business consultants, for example), vastly different from the types of jobs that CBP services often connote.
- Broadly defined industrial sectors include workers who do a wide variety of tasks. The services sector in total includes occupations ranging from personal services to stockbrokers. Even at such a detailed industry level as drugstores, occupations range from highly paid pharmacist/owners to lower paid part-time sales staff.

Thus the industry data are an inadequate indicator of job quality since they ignore **tasks** associated with jobs.

This employment shift towards the services sector has sometimes been suggested as a key explanation of the decline in aggregate real **annual earnings** per employee evident in both Canada and the U.S. since the late 1970s. Instead, the trend in real earnings reflects broad macroeconomic developments. First, the trend

decline in real annual earnings is misleading because the trend towards part-time work has effectively lowered average hours worked. With people working fewer hours, annual average **earnings** have declined while real **wages** per hour have remained roughly unchanged. Second, real wages are determined by productivity. The relative constancy of real wages over this period was part of the adjustment to slowing productivity growth necessary to restore Canada's international competitive position.

Job Quality from a More Direct Point of View

The arguments suggesting that the composition of employment has shifted toward lower-quality jobs are based on indirect evidence relating to the industrial distribution of total employment. To examine the types of jobs being created, a more direct approach is needed, one which explicitly looks at both the **tasks** associated with different jobs as well as the relative wages of those jobs. This is particularly important because of the wide variety of jobs found in any given industry.

This more direct evidence can be found by examining the growth of employment by specific occupational classes and the relative quality of these occupations. The Statistics Canada Labour Force Survey provides an occupational reclassification of total employment by 21 specific occupations. These occupations are classified by Statistics Canada according to the major tasks performed rather than just the job title. To focus specifically on job quality, two major occupational classes can be considered: professional occupations and the traditionally viewed "services-oriented" occupations. The professional occupations group is a Statistics Canada aggregation of seven occupations: management and administration, natural sciences, teaching, social sciences, medicine and health, artistic and recreation, and religion. Nearly half of the professional workers perform predominantly management and administration tasks. Together, management and administration, medicine and health, and teaching account for 75% of professional employment. The second major group, services-oriented occupations, includes clerical, sales and services-provision occupations.

Choosing which of the occupational classes represent high-quality jobs is subjective. From an employee's perspective, the quality of a job depends on how it satisfies a wide variety of needs ranging from pay and security to a sense of personal accomplishment. From an employer's perspective, the quality reflects the skills and productivity required of the employee. In many aspects, the services-oriented occupations have been generally perceived as lower quality while professional and some goods-oriented occupations have been generally perceived as higher quality. However, the only available **quantifiable** measure of the relative quality of specific occupations is relative wages, although other elements of job quality are also important.

The relative wages of specific occupations confirm preconceived notions about the relative quality of these occupations. As Chart 11.3 shows, in 1984:

- Most professional and some goods occupations were among the highest-paid occupations.
- The traditionally viewed lower-quality services occupations of clerical, sales and services-provision were among the lowest-paid occupations.

Occupational Job Creation Over the Last Three Years

Employment **growth** by occupation from August 1984 to August 1987 is shown in Chart 11.4. It can be seen that:

- Five of the top 10 fastest growing occupations were professional. The other five were goods-oriented occupations, among which construction and fishing-hunting-and-trapping occupations exhibited particularly strong growth. Construction is amongst the highest paying goods-oriented occupations.
- Seven of the 10 slowest-growing or declining occupations were among the 10 lowest-paid occupations. In particular, employment in clerical, sales and services-provision occupations has grown slowly in the last three years.

When looking at occupational **shares** of total job creation over this period, a somewhat different picture emerges. Chart 11.5 shows the actual changes in employment levels by occupation, over the August 1984 to August 1987 period. Again, professional jobs led job creation, but a significant number of jobs in lower-paid occupations were also created.

- The largest single occupational category of job creation was management and administration. This occupational group, the third highest paying in 1984, accounted for about 28% of all the jobs created.
- Total professional occupations accounted for nearly one-half of all jobs created.
- Despite their slower growth, the services-oriented occupations accounted for 29% of job creation. Their large share of total job creation reflects their large share in total employment at the beginning of the period.
- Five of the 10 smallest (or negative) contributors to job creation were in the lowest-wage categories.

Although the three services-oriented occupations accounted for nearly 30% of total job creation, this was only as much as the management and administration occupation alone and only about two-thirds of total professional job creation.

This general pattern holds across both the goods and services sectors (Charts 11.6 and 11.7). Together, professional and construction jobs accounted for nearly 90% of goods-sector job creation over the period. Gains in processing, clerical, transportation and materials-handling occupations were almost completely offset by losses in primary, sales and services-provision occupations.

The services sector mirrored the all-occupations pattern. Professional occupations accounted for over half of services-sector employment growth, followed by just over one-third from clerical, sales and services-provision combined. This shows that it is incorrect to presume that services industry employment growth implies the creation of only lower-paid clerical, sales and services-provision jobs.

It could be argued that the strong increases in professional jobs may overstate the quality improvements because the new professional jobs may be lower quality and hence lower paying than professional jobs in the past. If this were true, we would expect to see a drop in relative wages of the professional occupations relative to 1984. Wage data for 1986, the latest available, indicate that this has not occurred and the average professional job paid as relatively well in 1986 as in 1984.

The evidence does not support the view that the economy is creating only lower-quality, lower-paid jobs. While job creation in the last three years has included a large number of jobs often considered to be of lower quality, an even larger number of higher-paying professional jobs have been created. As well, a large number of higher-paying construction jobs have been created.

Occupational Job Creation Since the Mid-Seventies

The tendency for growth in professional jobs to lead job creation in the economy has been evident since at least 1975. Management and administration jobs accounted for 8% of total employment in 1975 and professional jobs in total for nearly 22%. Over the 1975 to 1981 period, management and administration jobs accounted for 16% of total job creation and total professionals for 35% (Chart 11.8). The pace of management and administration job creation has accelerated since then. Over the 1981-1987 period, management and administration jobs accounted for half of total job creation and professionals in total accounted for nearly 80% of job creation. The very high share of professional job creation for the 1981-1987 period is due, in part, to the fact that these jobs were generally maintained in the 1981-1982 recession period while other occupations saw substantial losses. However, Chart 11.8 also shows that, in the 1984-1987 period, the pace of job creation of higher-quality jobs still increased over the pre-recession period, even though lower-quality jobs had potential for significant recovery from recession declines.

Data Sources

Industrial and occupational data are from *The Labour Force*, Statistics Canada cat. 71-001. Some are unpublished data available from the Labour Force Survey Sub-Division, Labour and Household Surveys Branch.

All occupational data used in this report are on a consistent 1984 Standard Occupational Classification basis. Recoding was done by Statistics Canada.

Wage data for 1984 are unpublished data from the Statistics Canada *Survey of Union Coverage*. The 1986 data are taken from the Statistics Canada *Labour Force Activities Survey*, Special Surveys Group, Labour and Household Surveys Branch.

Chart 11.1

Cumulative Employment Growth by Industry
August 1984 to August 1987

per cent

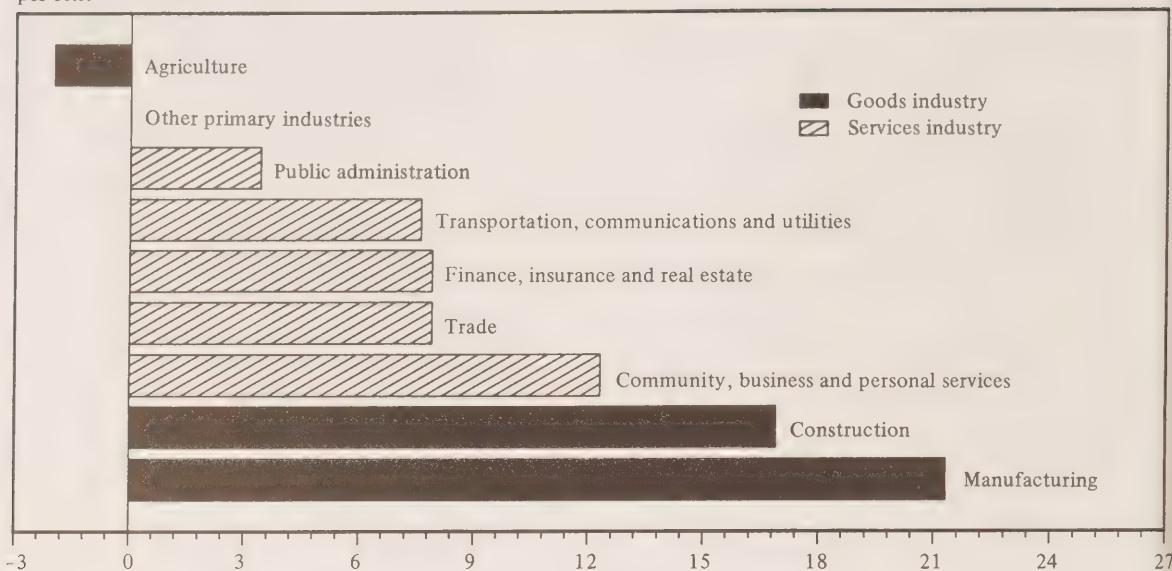
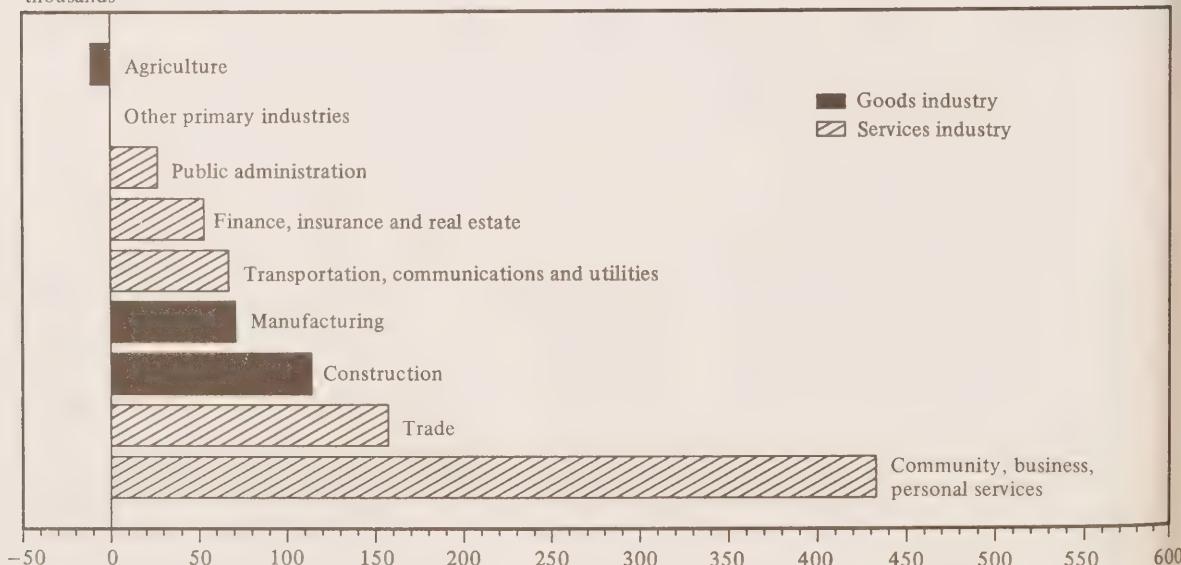


Chart 11.2

Cumulative Job Creation by Industry
August 1984 to August 1987

thousands



See footnote 1 in text for explanation of dates.

Chart 11.3

Average Wages by Occupation in 1984

dollars per hour

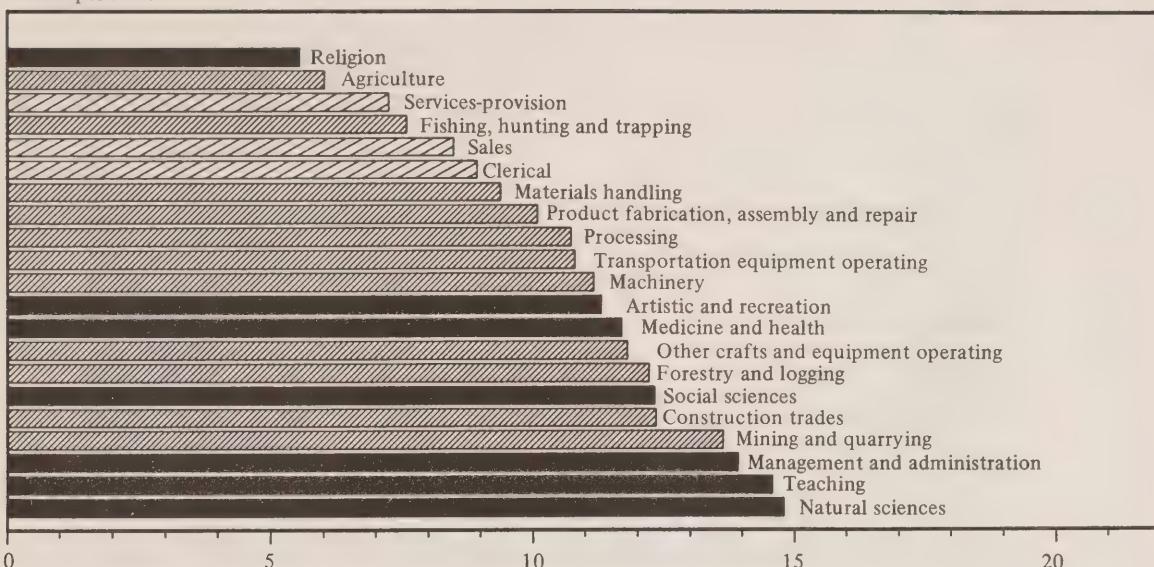
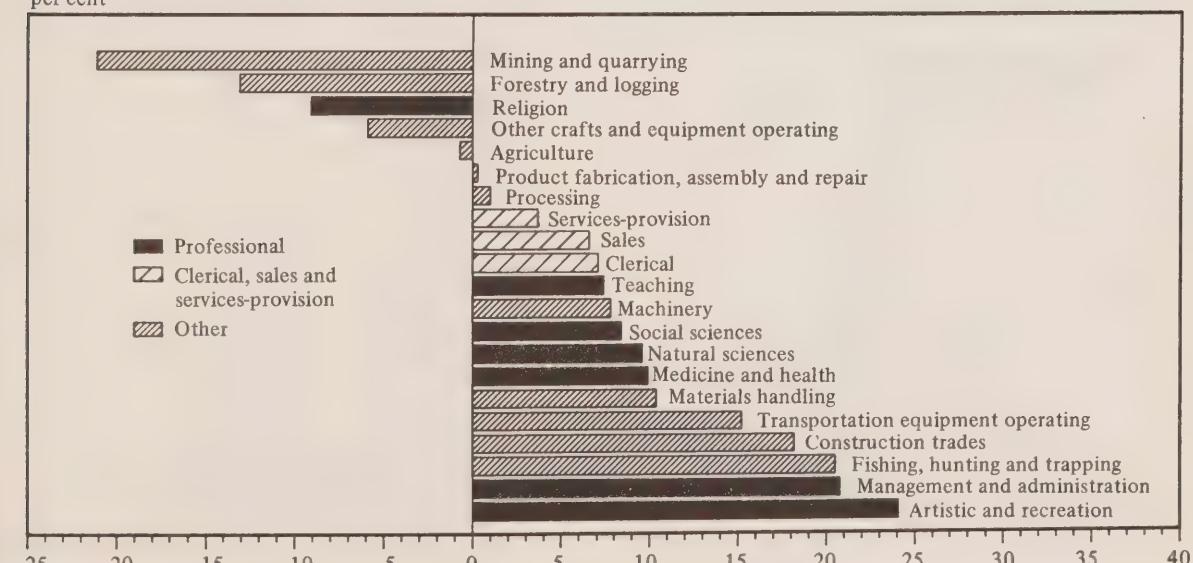


Chart 11.4

Cumulative Employment Growth by Occupation

August 1984 to August 1987

per cent



See footnote 1 in text for explanation of dates.

Chart 11.5

**Cumulative Job Creation by Occupation
August 1984 to August 1987**

thousands

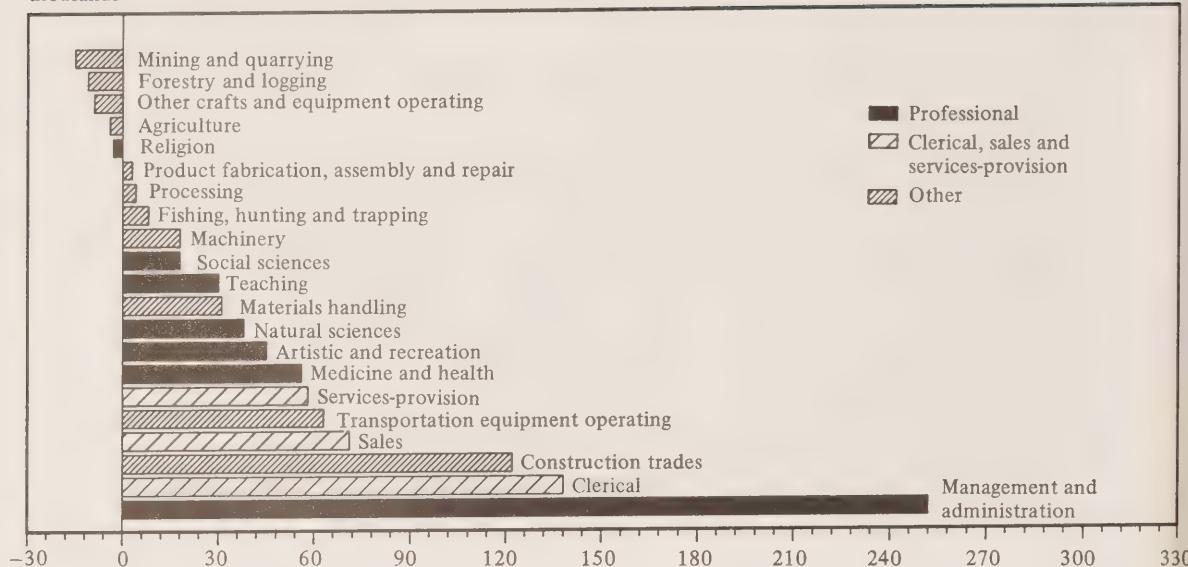
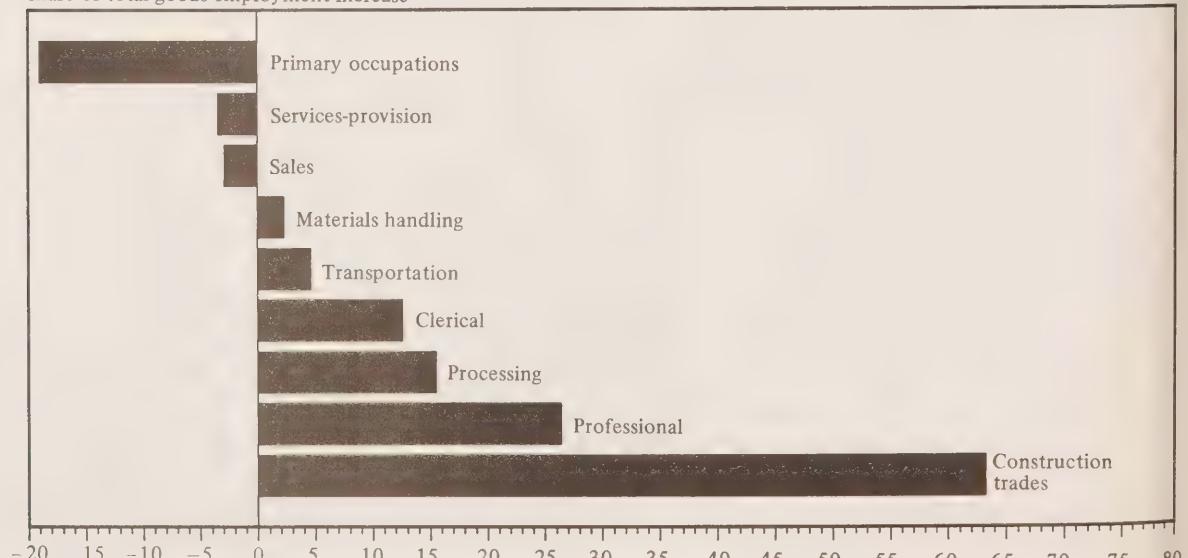


Chart 11.6

**Occupational Shares of Goods Industry Growth
August 1984 to August 1987**

share of total goods employment increase



See footnote 1 in text for explanation of dates.

Chart 11.7

**Occupational Shares of Services Industry Growth
August 1984 to August 1987**

share of total services employment increase

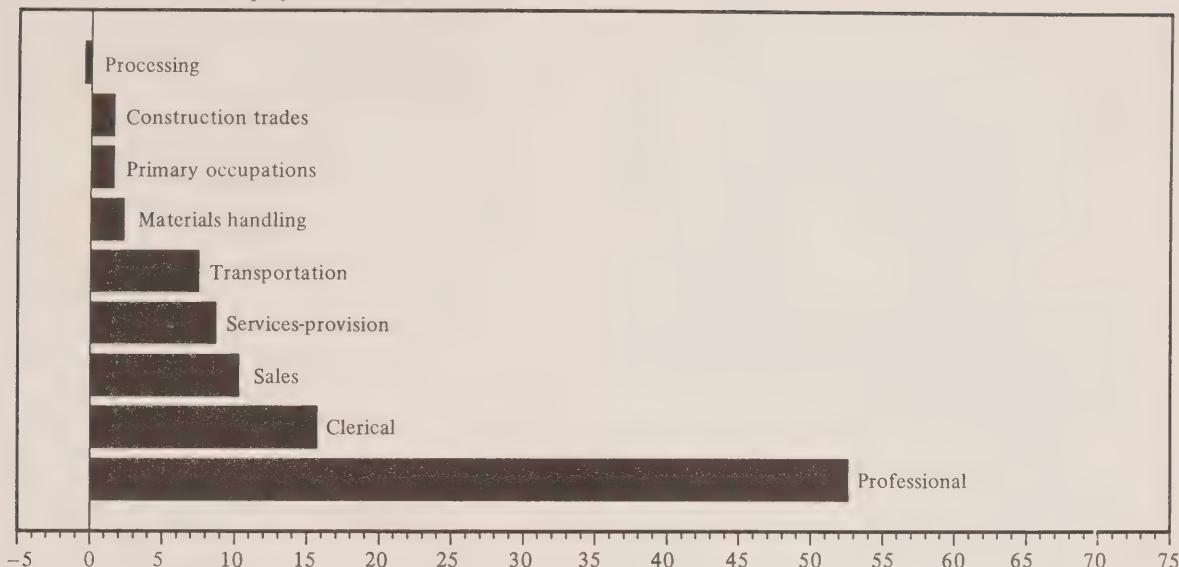
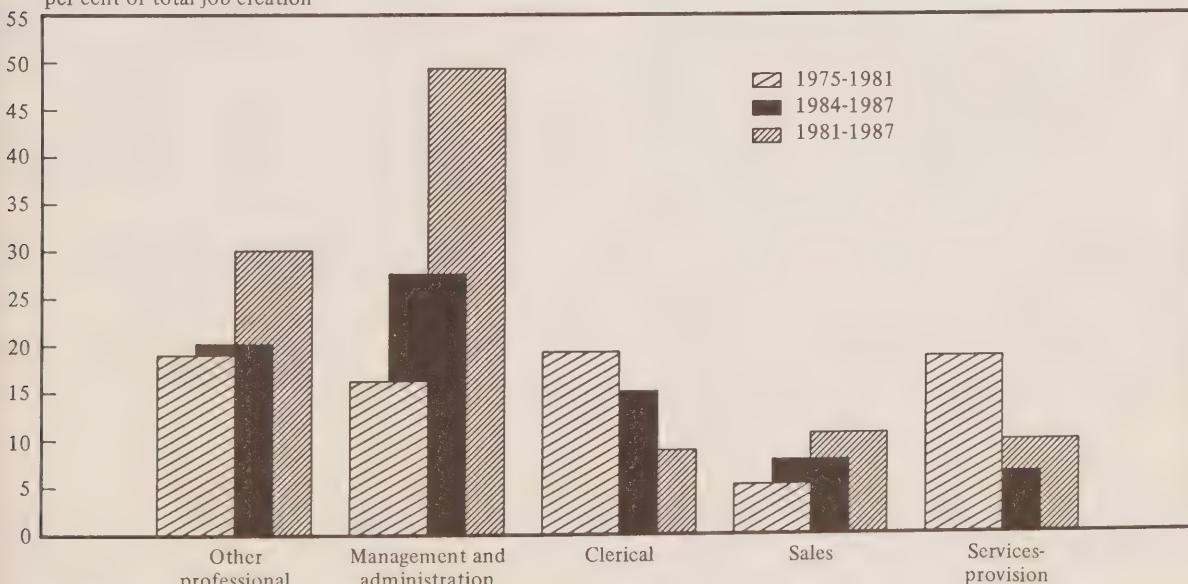


Chart 11.8

Shares of Selected Occupations in Total Job Creation

per cent of total job creation



See footnote 1 in text for explanation of dates.

12. Canada's Foreign Assets and Liabilities

Introduction

For more than a century Canada has benefited from the ready access it has had to the world's capital markets. It has been an important foreign investor as well as foreign borrower, on balance being a substantial net user of foreign funds. This access to foreign savings has allowed Canadians to undertake capital formation at a faster rate, and has contributed to the favourable growth rates and high standards of living we have enjoyed. It also involved us in significant debt-servicing commitments. While the historical experience suggests that drawing on foreign capital should continue to be beneficial for Canada, it is important that potential problems in servicing the debt be avoided.

Questions about Canada's foreign debt have been the focus of some attention in recent months. Concerns relating to foreign debt are far from new. To some degree the difficulties of the large "problem debtor" countries and the recent swing of the United States into a net debtor position have called attention to the issue. The publication of more timely statistics on Canada's international investment position and the substantial increases in our net foreign indebtedness in recent years have also increased public awareness.

The purpose of this report is to provide a perspective on Canada's international balance sheet. It gives a brief summary of the data, discusses the factors influencing Canada's foreign claims and liabilities, examines the sources of potential debt problems, and draws some implications for macroeconomic policy.

The Magnitudes of International Financial Claims

Recourse to international financial markets, including both debt and equity claims, is a

two-way business for Canadians as part of the general pattern of financial intermediation and portfolio diversification. At the end of 1986, recorded claims on non-residents amounted to \$146 billion and gross international liabilities to \$343 billion; net liabilities to non-residents thus totalled \$197 billion (Table 1).⁽¹⁾

Canada's international assets and liabilities have both been increasing relative to GNP in recent years (Chart 12.1). At the end of 1986 Canada's foreign assets had risen to 30% of GNP, and liabilities to 70%. Higher percentages had been recorded for both measures prior to World War II, with gross assets amounting to 34% of GNP in 1939 and liabilities 132%. It is estimated that approximately 75% of Canada's external assets and 60% of our liabilities are denominated in foreign currencies, mainly in U.S. dollars. About one-half of total assets and 60% of liabilities are interest-bearing; the remaining claims consist primarily of equity holdings by foreigners.

Canada's foreign assets are approximately evenly divided among direct investments, other long-term assets (primarily portfolio equity holdings and government loans), and short-term assets (including Canada's official international reserves, deposits by Canadians in foreign banks, and trade credit). The distribution among these three broad categories was approximately the same in 1986 as in 1926 (the year for which figures were first compiled), although short-term assets accounted for a noticeably higher percentage of the total in the three decades following the war. Canada's external assets are concentrated in claims on the United States.

(1) The figures cited in this note give a sense of precision that is somewhat exaggerated. Important qualifications that can alter the interpretation of the situation are considered later in this section. For the most part the data are drawn from Statistics Canada's *Canada's International Investment Position* and *Quarterly Estimates of the Canadian International Balance of Payments*.

Table 1

Canada's International Investment Position End-1986

	(billions of dollars)
Assets	
Direct investment	56.1
Portfolio securities	18.1
Federal government loans and subscriptions	19.5
Official international reserves	5.6
Bank deposits	18.7
Other claims	27.6
 Total	 145.6
 Liabilities	
Direct investment	93.0
Portfolio securities	149.8
of which: Bonds denominated in foreign currency	102.4
Bonds denominated in Canadian dollars	36.4
Equities	11.0
Non-resident equity in Canadian assets abroad	14.6
Canadian banks' non-resident foreign currency position	22.4
of which: Gross claims	68.5
Gross liabilities	90.9
Money market securities	8.0
Other liabilities	55.1
 Total	 342.9
 Net investment position	 -197.3
Cumulative statistical discrepancy	56.0
 Net investment position including discrepancy	 -141.3

On the liabilities side, long-term claims other than direct investment accounted for over half of the total at the end of 1986, with foreign holdings of Canadian marketable securities making up the bulk of this. Foreign direct investment in Canada accounted for about 27% of total liabilities. Short-term financial claims accounted for about 18%; the main components of these claims are the net foreign currency liabilities to non-residents owed by chartered banks' branches and subsidiaries in Canada, trade credit, and foreign holdings of Canadian money market instruments.

Portfolio holdings of claims on private corporations and government enterprises (the hydro-electric Crown corporations have been the biggest foreign borrowers) represent the largest share of foreign investment in Canada, with foreign currency bonds the favoured vehicle (Chart 12.2). Non-residents' holdings of bonds issued by governments amounted to \$66 billion at the end of 1986, including \$28 billion of federal issues. Foreign currency securities have traditionally been issued by the federal government only to finance requirements associated with the management of Canada's official international reserves. At the end of 1986 non-residents held over \$9 billion of such foreign currency debt; the remainder, some \$19 billion, was denominated in Canadian dollars. This latter debt was largely purchased on the secondary bond market – most of it recently – with Japanese investors being the principal buyers.

The share of direct investment in Canada's foreign liabilities climbed rapidly in the decade following World War II, showed little change from the mid-1950s to 1970, declined fairly rapidly during the 1970s and has declined further in the 1980s, albeit at a much slower pace, to about its mid-1920s level. The increase in the share of short-term liabilities occurred primarily in the 1970s and the opening years of this decade. Much of the change was concentrated in 1981, when there was a very large increase in the chartered banks' net foreign currency liability position which in turn was related primarily to the financing of the high level of corporate takeover activity at the time. Since 1981 the share of short-term liabilities has fallen.

The United States accounts for close to 60% of non-resident claims on Canada, followed by Japan and the U.K. with 12 and 8% respectively. In recent years the share of the U.S. has fallen, while that of Japan has risen.

A useful perspective on the potential "burden" of Canada's foreign debt can be gained by relating our liabilities **net** of foreign assets and associated **net** debt-servicing costs to GNP, exports, or national wealth. In 1986, net debt amounted to 40% of GNP (Chart 12.3) or 148% of exports of goods and services. These ratios have increased in recent years, in significant part because of the decline in the Canadian dollar. However, higher ratios were observed during the 1960s and before the war. Net payments of interest and dividends relative to GNP and to exports are up from earlier postwar levels but down from prewar levels (Chart 12.4). Net foreign debt now amounts to about 11% of national wealth (the total stock of Canada's physical assets less net financial claims of non-residents on Canadians), a decline from the 13% level recorded in 1961 (the earliest year for which national wealth data are available).

Relative to GNP, Canada's net foreign liabilities are larger than those of other industrialized countries (Chart 12.5), although the United States has recently become the world's largest net debtor in absolute terms. However, like Canada, most industrial countries have seen both their foreign assets and foreign liabilities rise in recent years relative to their GNP.

The above description of Canada's foreign debt needs two important qualifications. For more than two decades the statistical discrepancy (the net effect of errors and omissions) in Canada's balance of payments has been equivalent to a large outflow as recorded receipts from the sale to non-residents of Canadian goods, services and financial claims have exceeded recorded payments for purchases abroad. By the end of 1986, the cumulative discrepancy totalled some \$56 billion. While this is not necessarily due to capital outflows (it also incorporates any net error in measuring the current account balance), it is likely that a substantial portion represents Canadian capital invested abroad. (Coverage of personal investment abroad in real estate and

financial assets is incomplete in statistical surveys and there are other measurement problems.) Making an allowance for these unrecorded assets could change the appearance of the situation considerably. Including the cumulative statistical discrepancy (as was the practice in the official estimates until recently), Canada's net external indebtedness in 1986 would have amounted to \$141 billion rather than \$197 billion and the debt-to-GNP ratio would have been close to an all-time low (Chart 12.3). The difference between the two measures of our net indebtedness – which are conceptually equally valid – gives some indication of the degree of imprecision of estimates of Canada's net international financial position and the care that must be exercised in interpreting the data.

The second qualification is that assets and liabilities are carried at book rather than market value – with the difference being particularly marked in the case of direct investment. Since foreign direct investment is larger and on average was made earlier than Canadian direct investment abroad, the estimate of net direct investment claims by non-residents is biased downwards, offsetting to some extent the incomplete coverage of Canada's external assets noted above.

The Economics of Foreign Borrowing

As with domestic financing, international capital flows channel funds from ultimate or primary savers to ultimate borrowers. Most international borrowing, with the notable exception of government borrowing, is undertaken to finance investment rather than consumption.⁽²⁾ The income from such investments provides the financing with which to service the debt.

Financial transactions and the pattern of outstanding financial claims, both domestically and internationally, reflect more than a direct flow from primary lenders to primary borrowers, however. In any given year large two-way flows

of funds between Canadians and non-residents occur – themselves the result of millions of financial decisions – and Canada's financial claims on non-residents and obligations to foreigners typically both increase. Canada's net indebtedness reflects the cumulative effect of these individual decisions.

Canada's aggregate net use of foreign financing is largely independent of whether a particular expenditure is funded domestically or abroad; capital markets serve to distribute the financing between internal and external sources according to the preferences of borrowers and lenders. Choices are made according to yields and currency denomination so that individuals are satisfied with the balance of risk among alternative financing instruments. International interest rate differentials, for example, will tend to incorporate expected exchange rate changes and any premium required as compensation for the risk associated with such changes.

On a net basis, the pattern of financing activity within Canada has involved a channelling of funds from the household sector to the corporate sector including government enterprises (Chart 12.6). Until the mid-1970s the government sector (consolidating all levels of government) was generally close to balance; during the past decade, however, governments have been major net borrowers on financial markets. The net requirements of these three sectors – household, corporate and government – in the aggregate constitute the net use of foreign resources.

The traditional pattern in our balance of payments – with a current account deficit showing a net import of foreign goods and services that corresponds to the import of capital – has resulted in a growing level of international indebtedness. However, access to foreign capital allows the development of an economy which is more productive than it otherwise might be – and with greater ability to service its international obligations. The growth of government deficits complicates the picture, however, making the link between foreign borrowing and investment less precise.

(2) Even in the case of government spending, caution must be exercised against adopting too narrow a conception of what constitutes investment as opposed to consumption. Provisioning for the future can take many forms and some expenditures classified as consumption in the national accounts – expenditures on education, research, national defence, or environmental protection, for example – may contain a significant investment component.

Potential Problems with Foreign Debt and Policy Implications

An increase in the stock of foreign debt may be a matter of concern if it implies a reduction in future living standards from what they otherwise might have been. In this, foreign debt does not differ fundamentally from domestic debt.

However, foreign debt may create problems that do not arise with domestic debt because of exposure to particular international risks. These include the risk of exchange rate changes and concerns over national policies that arise primarily in a cross-border context.

Debt is most likely to be a problem if its build-up is not associated with a parallel accumulation of income-producing assets. As noted, much of Canada's foreign debt represents capital raised by the corporate sector (including Crown corporations) and this has been used to fund real investment. As long as these funds are applied productively they will generate income to service interest and dividend payments without creating undue problems.

Government borrowing can create problems insofar as it reflects expenditures which do not give rise to a subsequent income stream providing an automatic debt-servicing capability, or if it does not induce offsetting increases in private savings. (Such increases could occur either because individuals took future debt-servicing costs into account in their savings decisions or deficit financing stimulated aggregate income and hence savings.) This can arise whether the debt is issued domestically or abroad; to the extent that government borrowing at home "crowds out" other borrowers through its impact on capital markets and drives them to seek out foreign markets, the macroeconomic effect is basically the same.

Economic concerns about foreign debt would thus seem to reduce to the more general concerns arising from government deficits. Reducing those deficits is one of the best ways of ensuring that external debt does not increase in an inappropriate or unsustainable manner.

The financial policies of the federal government are aimed at producing sustained economic growth with low inflation. Deficit reduction is making an important contribution to this goal (Chart 12.7).

High exposure in foreign currencies could also be troublesome in the event of major changes in exchange rates. Here much depends upon what lies behind exchange rate changes; to the extent that they are a reflection of differing rates of inflation, the overall real burden of foreign currency debt is largely unaffected. Much of Canada's foreign debt is denominated in Canadian dollars and Canadians hold substantial foreign currency claims. Nevertheless, with net foreign-currency liabilities of approximately \$90 billion (most of which is in U.S. dollars) currency realignments could lead to substantial changes in the real burden of Canada's debt. The best protection against adverse exchange rate effects is to pursue sound financial policies at home which will produce a sound currency.

Portfolio shifts by non-residents can also disrupt the balance of payments. These can be motivated by expected exchange rate changes – when the claims are denominated in Canadian dollars – or perceptions about economic performance more generally. Consistent, sound monetary and fiscal policies are important in preventing major problems from this quarter as well.

The essential role of fiscal policy from this perspective is to ensure that government debt does not grow to the point where its size undermines confidence in the economy's future performance. Concerns that this might occur would cause investors and lenders – both domestic and foreign – to prefer foreign to Canadian assets, deterring investment and hampering growth. Similarly, monetary policy must maintain confidence in the currency to encourage savings and investment. Attempts to keep interest rates artificially low, for example, would drive investable funds abroad and provoke a spiral of exchange rate depreciation and inflation that would ultimately lead to higher interest rates, less investment in Canada, and slower economic growth.

Sound policies alone will not protect Canada against the adverse effects of all disturbances originating abroad – adjustment to which may be made more difficult by a large foreign debt exposure – but a record of sound policies will ensure that such disturbances are not compounded by uncertainties over the likely policy responses. Risk is an unavoidable element in the investment process and risks associated with exchange rate fluctuations and shifts in the balance of payments structure are an unavoidable consequence of obtaining access to foreign capital markets. Prudent policies can reduce but not eliminate such risks. Adjustment to changes in the pattern of balance of payments flows will often require structural changes at home involving major reallocations of resources. These are an inherent part of the process of adaptation in a dynamic economy which allows living standards to be kept as high as possible. Foreign borrowing can contribute to that process despite the risks it may entail.

Concluding Remarks

Canada's net foreign debt appears large in comparison with most industrial countries, both in absolute size and relative to output, reflecting a history of importing capital on a net basis for more than a century. In the main, foreign financing has been used to build up Canada's stock of productive resources which generate the income with which that debt can be serviced. Unlike some other major debtors, Canada's record on servicing its international financial obligations is excellent. At the macroeconomic level, Canada has not encountered difficulties in debt-servicing, and there is no evidence to suggest this will change.

While there are risks in taking on foreign debt, as there are with all debt, these are manageable and generally worth assuming in exchange for the benefits that borrowing confers. That risk is largely borne by the individual debtors, who are in large part profit-seeking corporations interested in obtaining financing at the lowest

expected cost. Limiting their opportunities to raise funds abroad would involve the government in an intrusion in private decision-making that would likely entail a less productive economy, an intervention that would only be warranted by a clear threat to the general economy. This threat is not in prospect. The greater concern is with debt that is not used to expand the productive capacity of the economy. Here governments must act – by keeping their own deficits and debt expansion under control.

Foreign borrowing and the growth of foreign debt are often taken as *prima facie* evidence that a country is "living beyond its means". However, this may not be the case if domestic savings are substantial and if per capita income is expected to grow, conditions which prevail in the Canadian case. At the most fundamental level the merits of foreign borrowing largely turn on whether an economy is accumulating net wealth at a pace which is thought to be appropriate and this involves a choice between the welfare of present versus future generations.

A higher rate of domestic saving would imply that a higher proportion of current income is being set aside to benefit our heirs at the expense of living standards today. To maintain any given level of investment, decreasing net reliance on foreign sources of funds would necessarily involve an increase in the domestic savings rate. In Canada, private savings remain high by historical standards and in comparison to many industrial countries. On the other hand the public sector has moved into a pronounced dissaving (deficit) position. This suggests that maintaining the policy of putting the public sector's deficit on a declining track will ensure that foreign debt does not threaten the living standards of Canadians in the future. Sound financial policies will also provide for a stable currency and reduce the risk of balance of payments problems being generated by a loss of confidence in our currency by investors, whether in Canada or abroad.

Chart 12.1

Canada's Foreign Assets and Liabilities

Selected Year-Ends, 1926-86

as per cent of GNP

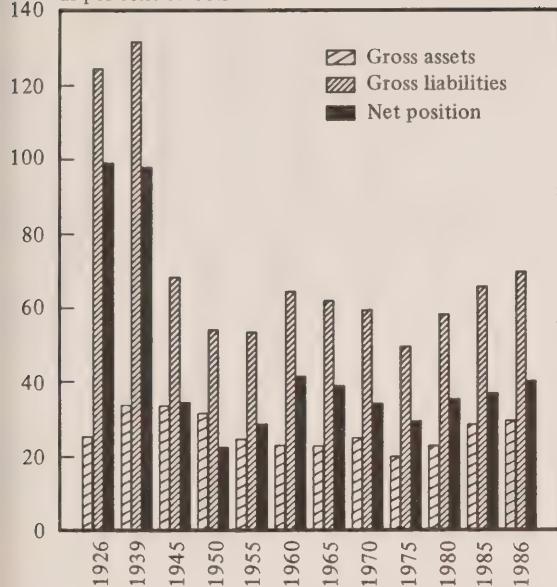
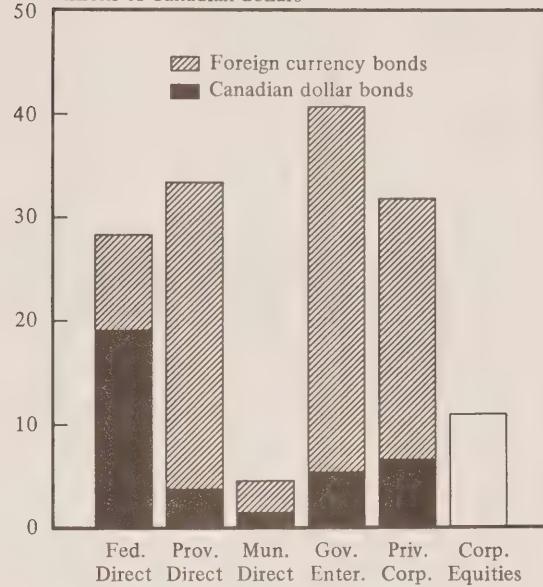


Chart 12.2

Canadian Bond and Portfolio Equity Holdings of Non-Residents

By Sector, Year-End 1986

billions of Canadian dollars

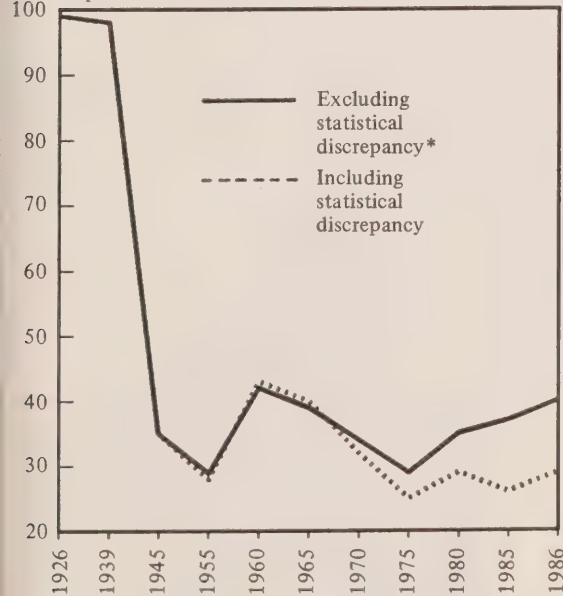


Foreign currency bonds converted at year-end rates

Chart 12.3

Canada's Net International Investment Position

as per cent of GNP



* The statistical discrepancy is the cumulative effect (since 1926) of net errors and omissions in Canada's balance of payments. On a cumulative basis, receipts have exceeded payments by \$56 billion since 1926.

Chart 12.4

Net Investment Income Payments Abroad

per cent

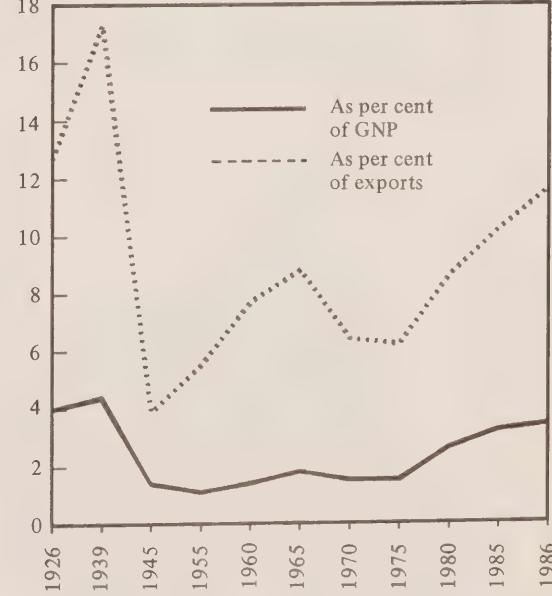


Chart 12.5

Net International Financial Position Selected Countries, 1984 and 1985

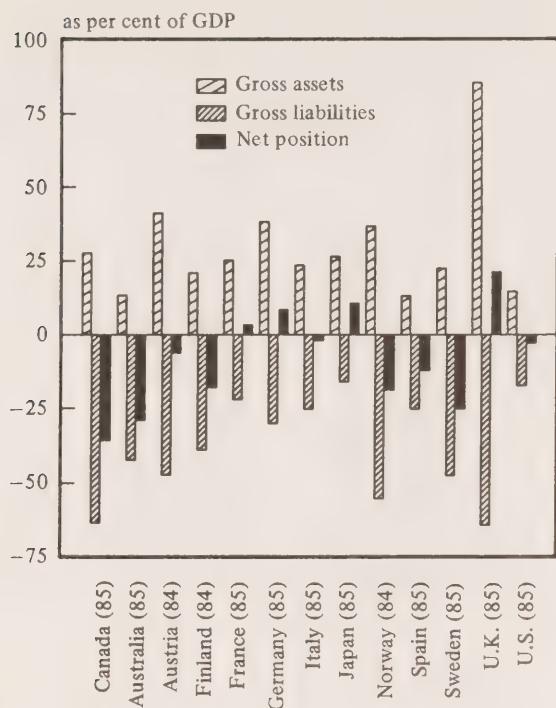


Chart 12.6

Net Lending by Sector

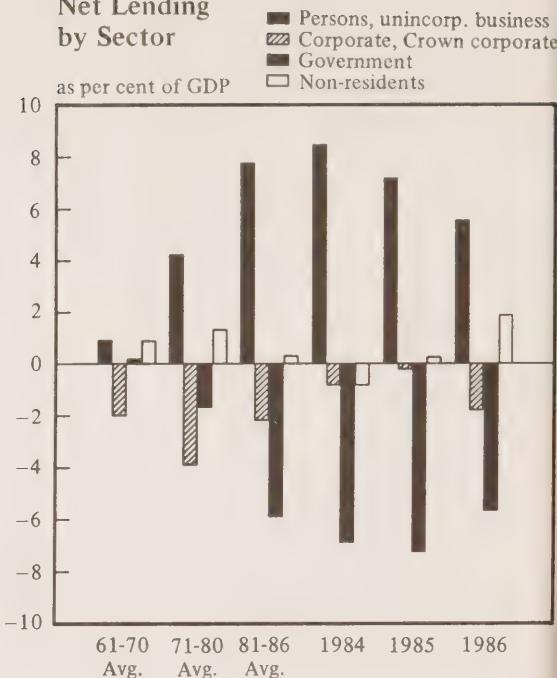
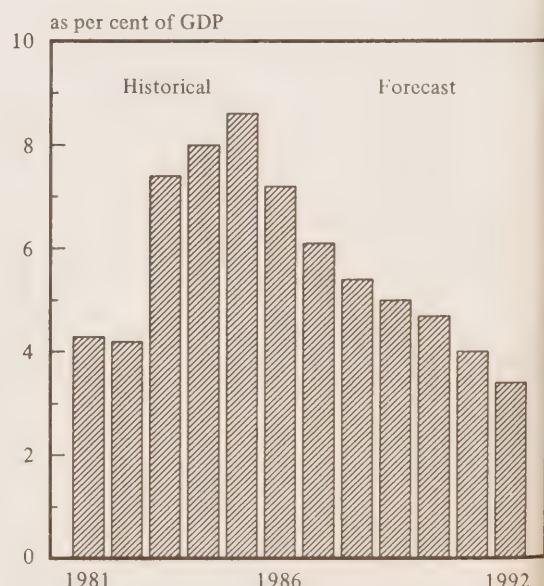
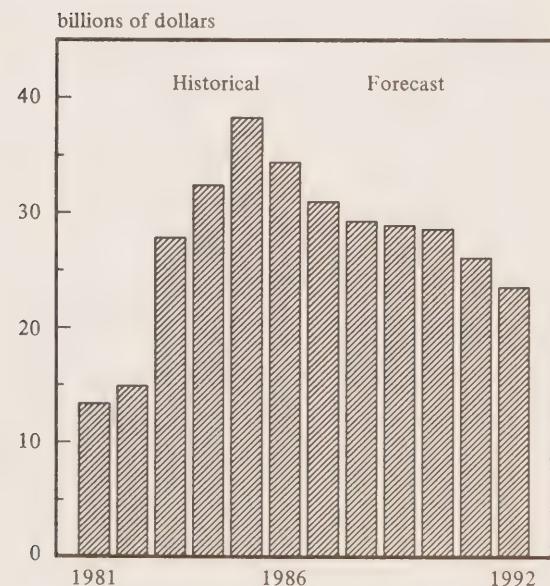


Chart 12.7

The Federal Deficit 1981-1992 (fiscal years)





Quarterly Economic Review

CA1
FN
- E16

Annual
Reference
Tables

June 1987



Canada

Quarterly Economic Review

**Annual
Reference
Tables**

June 1987



Department of Finance
Canada

Ministère des Finances
Canada

The Quarterly Economic Review

© Minister of Supply and Services Canada 1987

Available in Canada through

Associated Bookstores
and other booksellers

or by mail from

Canadian Government Publishing Centre
Supply and Services Canada
Ottawa, Canada K1A 0S9
(819) 997-2560

	Canada	Other Countries
3 regular issues — single copy	\$ 4.00	\$ 4.80
1 special issue — single copy	\$10.00	\$12.00
Annual subscription — 4 issues	\$20.00	\$24.00

Price subject to change without notice

Cette publication est également offerte en français

Preface

The Reference Tables provide annual data series on the main economic, fiscal and financial aggregates over the past few decades.

The information contained in the majority of these tables is as provided in Statistics Canada's *Canadian Socio-Economic Information Management System* (CANSIM) on July 22, 1987. Most data series are periodically revised and users should refer to indicated sources for more up-to-date information.

A substantial amount of developmental work was necessary in producing the Reference Tables, involving computerization and database management, and this was done within a relatively short period of time. Although every table was thoroughly verified, it is possible that errors may still exist. If this was the case, please advise Michael Kennedy (613 992-0336) or Guy Beaupré (613 992-1034), Economic Analysis and Forecasting Division, Department of Finance, Ottawa, Ontario, K1A 0G5.

Table of Contents

Population

Reference	Table 1	Population in Canada, the Provinces and the Territories, at June 1st..	1
	Table 1.1	Change in Population in Canada, the Provinces and the Territories.....	2
	Table 1.2	Distribution of Population among Provinces and the Territories	3
Reference	Table 2	Demographic Developments	4

Income and Expenditure Accounts

Reference	Table 3	Gross Domestic Product, Expenditure Based.....	5
	Table 3.1	Change in Gross Domestic Product, Expenditure Based	6
Reference	Table 4	Gross Domestic Product at 1981 Prices, Expenditure Based	7
	Table 4.1	Change in Gross Domestic Product at 1981 Prices, Expenditure Based	8
Reference	Table 5	Structural Changes in Demand	9
Reference	Table 6	Structural Changes in Demand, in Real Terms	10
Reference	Table 7	Gross Domestic Product at Market Prices, Canada and Provinces.....	11
	Table 7.1	Change in Gross Domestic Product at Market Prices, Canada and Provinces	12
	Table 7.2	Disparity of Gross Domestic Product at Market Prices, Canada and Provinces	13
Reference	Table 8	Gross Domestic Product Per Capita, Canada and Provinces.....	14
	Table 8.1	Change in Gross Domestic Product Per Capita, Canada and Provinces	15
	Table 8.2	Disparity of Gross Domestic Product Per Capita, Canada and Provinces	16

Reference Table 9	Gross Domestic Product, Income Based	17
Table 9.1	Change in Gross Domestic Product, Income Based	18
Reference Table 10	Reconciliation of Gross Domestic Product at Market Prices, Gross National Product at Market Prices and Net National Income at Factor Cost	19
Table 10.1	Change in Components of Reconciliation.....	20
Reference Table 11	Structural Changes in Income	21
Reference Table 12	Structural Changes in Net Domestic Income	22
Reference Table 13	Sources and Disposition of Personal Income.....	23
Table 13.1	Change in Sources and Disposition of Personal Income	24
Reference Table 14	Structural Changes in the Sources and Disposition of Personal Income.....	25
Reference Table 15	Personal Income, Canada and Provinces.....	26
Table 15.1	Change in Personal Income, Canada and Provinces	27
Table 15.2	Distribution of Personal Income by Province	28
Reference Table 16	Personal Income Per Capita, Canada and Provinces	29
Table 16.1	Change in Personal Income Per Capita, Canada and Provinces	30
Table 16.2	Personal Income by Province Relative to the Canadian Average	31

Components of Expenditures

Reference Table 17	Value of Retail Trade, Canada and by Region	32
Reference Table 18	Private and Public Investment in Canada	33
Reference Table 19	Structure of Private and Public Investment by Industry in Canada.....	37
Reference Table 20	Private and Public Investment by Region	41
Reference Table 21	Business Capital Expenditures by Region	42
Table 21.1	Change in Business Capital Expenditures by Region.....	43
Reference Table 22	Dwelling Starts, Completions and Under Construction.....	44

Reference Table 23	Dwelling Starts and Completions, by Type	45
Labour Market		
Reference Table 24	Main Components of the Labour Market.....	46
Table 24.1	Change in Main Components of the Labour Market	47
Reference Table 25	Labour Force and Employment by Sex and Age Groups.....	48
Reference Table 26	Participation and Unemployment Rates by Sex and Age Groups	49
Reference Table 27	Participation Rates, Canada and by Region	50
Reference Table 28	Labour Force, Canada and by Region	51
Table 28.1	Change in Labour Force, Canada and by Region	52
Reference Table 29	Employment, Canada and by Region.....	53
Table 29.1	Change in Employment, Canada and by Region	54
Reference Table 30	Unemployment, Canada and by Region	55
Reference Table 31	Unemployment Rates, Canada and by Region	56
Reference Table 32	Employment by Industry	57
Table 32.1	Change in Employment by Industry.....	58
Reference Table 33	Unemployed Persons by Family Status, Canada	59
Reference Table 34	Help-Wanted Index, Canada and Regions	60
Productivity and Costs		
Reference Table 35	Productivity and Costs, Business Sector Non-Agricultural Industries...	61
Table 35.1	Change in Productivity and Costs, Business Sector Non-Agricultural Industries.....	62
Reference Table 36	Productivity and Costs, Business Sector Non-Agricultural Goods-Producing Industries	63
Table 36.1	Change in Productivity and Costs, Business Sector Non-Agricultural Goods-Producing Industries	64
Reference Table 37	Productivity and Costs, Business Sector Services-Producing Industries	65

Table 37.1	Change in Productivity and Costs, Business Sector Services-Producing Industries.....	66
Reference Table 38	Productivity and Costs, Manufacturing Industries	67
Table 38.1	Change in Productivity and Costs, Manufacturing Industries	68
Reference Table 39	Effective Increase in Base Wage Rates by Industry	69
Prices		
Reference Table 40	Gross Domestic Product Implicit Price Indexes.....	70
Table 40.1	Change in Gross Domestic Product Implicit Prices Indexes	71
Reference Table 41	Consumer Price Indexes: Standard Classifications	72
Table 41.1	Change in Consumer Price Indexes.....	73
Reference Table 42	Consumer Price Indexes: Reclassified by Goods and Services	74
Table 42.1	Change in Consumer Price Indexes Reclassified by Goods and Services	75
Reference Table 43	Energy Prices.....	76
Table 43.1	Change in Energy Prices	77
Reference Table 44	Other Price Indexes	78
Table 44.1	Change in Other Price Indexes.....	79
Government Sector		
Reference Table 45	Total Government Revenues	80
Reference Table 46	Total Government Expenditures	81
Reference Table 47	Federal Government Revenues	82
Reference Table 48	Federal Government Expenditures	83
Reference Table 49	Federal Government Debt	84
Reference Table 50	Federal Government Debt Relative to GDP	85
Reference Table 51	Provincial Government Revenues	86
Reference Table 52	Provincial Government Expenditures	87

Reference Table 53	Local Government Revenues	88
Reference Table 54	Local Government Expenditures.....	89
Reference Table 55	Hospital Revenues and Expenditures.....	90
Reference Table 56	Federal Government — Liabilities and Assets: Financial Flow Accounts Basis	91
Reference Table 57	Provincial and Local Government and Hospitals — Liabilities and Assets.....	92
Reference Table 58	Government of Canada — Statement of Financial Transactions.....	93
Reference Table 59	Government of Canada — Liabilities and Assets, Public Accounts Presentation.....	98

Balance of Payments

Reference Table 60	Summary of Balance of Payments	99
Reference Table 61	Balance of Payments with the United States	100
Reference Table 62	Balance of Payments with the Rest of the World	101
Reference Table 63	Merchandise Trade Detail: Exports	102
Reference Table 64	Merchandise Trade Detail: Imports.....	103
Reference Table 65	International Payments: Capital Movements.....	104
Reference Table 66	Net Proceeds from New Issues of Canadian Securities to Non-Residents	106
Reference Table 67	Canadian Chartered Banks' Head Office and Branches in Canada — Net Change in Foreign Currency Positions.....	108

International Reserves and Exchange Rates

Reference Table 68	Canada's Official International Reserves	109
Reference Table 69	Canada's International Investment Position for Selected Years	110
Reference Table 70	Price of Foreign Currencies in Canada.....	112
Reference Table 71	Indexes of Exchange Rates	113
Reference Table 72	Money Market and Eurodollar Rates	114

Table 1.1

Change in Population in Canada, the Provinces and the Territories

1948 – 1986

(per cent)

Year	Nfld.	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alta.	B.C.	Yukon	N.W.T.	Canada
1948	—	-1.1	1.6	2.0	2.1	2.4	0.9	0.2	3.5	3.6	0.0	0.0	2.2
1949	—	1.1	0.6	2.0	2.5	2.4	1.5	-0.7	3.6	2.9	0.0	0.0	4.9
1950	1.7	2.1	1.4	0.8	2.2	2.1	1.5	0.1	3.2	2.2	0.0	0.0	2.0
1951	3.0	2.5	0.7	0.7	2.2	2.8	1.1	-0.2	2.9	2.5	13.8	0.0	2.2
1952	3.5	1.6	1.6	2.0	2.9	4.1	2.8	1.4	3.6	3.4	-1.1	0.0	3.2
1953	2.4	1.0	1.5	1.3	2.3	3.2	1.4	2.1	4.0	3.6	0.0	0.0	2.7
1954	3.1	0.0	1.5	1.3	2.8	3.5	1.7	1.4	4.4	3.8	11.1	6.3	3.0
1955	2.8	-1.0	1.5	1.3	2.9	3.0	1.9	0.6	3.2	3.6	10.0	5.9	2.7
1956	2.2	-0.7	1.7	1.4	2.5	2.6	1.3	0.3	2.9	4.2	10.9	7.2	2.4
1957	2.1	-0.3	0.9	1.3	3.0	4.3	1.4	-0.1	3.6	6.0	-1.6	-1.6	3.3
1958	1.9	1.0	1.1	1.6	2.8	3.3	1.5	1.3	3.6	3.8	8.3	5.3	2.8
1959	2.1	1.0	1.4	1.9	2.4	2.5	1.8	1.8	3.5	1.9	0.0	5.0	2.4
1960	1.6	2.0	1.1	1.2	2.3	2.4	1.7	0.9	3.4	2.2	7.7	4.8	2.2
1961	2.2	1.6	1.4	1.5	2.3	2.0	1.7	1.1	3.2	1.7	4.3	4.5	2.1
1962	2.2	2.3	1.2	1.2	2.1	1.8	1.6	0.5	2.8	1.9	2.7	8.7	1.9
1963	1.7	0.9	0.7	0.7	2.0	2.0	1.4	0.3	2.5	2.3	0.0	4.0	1.9
1964	1.5	0.9	0.5	0.3	1.9	2.3	1.1	1.0	1.9	2.7	0.0	3.8	1.9
1965	1.0	0.0	0.1	0.7	1.8	2.4	0.6	0.8	1.4	3.0	-6.7	0.0	1.8
1966	1.1	-0.5	0.0	0.3	1.7	2.5	-0.2	0.6	0.9	4.3	2.9	6.3	1.9
1967	1.1	0.5	0.5	0.5	1.4	2.4	-0.0	0.2	1.8	3.8	4.2	1.0	1.8
1968	1.4	0.9	0.9	0.8	1.1	1.9	0.8	0.3	2.3	3.0	0.0	3.4	1.6
1969	1.6	0.9	1.0	0.5	1.0	1.7	0.8	-0.2	2.3	2.8	6.7	3.3	1.4
1970	0.6	-0.9	0.9	-0.2	0.5	2.2	0.4	-1.8	2.3	3.3	6.3	6.5	1.4
1971	1.0	1.5	0.9	1.2	0.2	2.0	0.5	-1.6	2.1	2.7	8.2	5.5	1.3
1972	1.5	0.9	0.7	0.9	0.4	1.4	0.3	-1.3	1.8	2.6	6.0	7.2	1.1
1973	1.4	1.2	1.2	1.1	0.4	1.3	0.5	-1.0	1.9	2.7	5.1	5.6	1.1
1974	0.8	1.1	0.9	1.0	0.7	1.8	1.1	-0.5	1.9	3.2	0.0	0.5	1.5
1975	1.4	1.6	1.0	1.8	0.9	1.5	0.6	0.9	3.2	2.4	3.9	4.0	1.5
1976	1.6	0.9	1.1	1.8	0.9	1.1	0.8	1.5	3.4	1.4	2.3	3.4	1.3
1977	0.4	0.9	0.6	1.0	0.8	1.1	0.6	1.5	4.1	1.3	0.0	0.5	1.2
1978	0.3	1.4	0.5	0.6	0.3	1.0	0.4	0.9	3.7	1.7	3.2	1.9	1.0
1979	0.4	0.8	0.5	0.6	0.6	0.7	-0.4	0.8	3.5	1.9	-0.9	0.9	1.0
1980	0.4	0.7	0.4	0.5	0.7	0.8	-0.3	0.9	4.3	3.0	0.0	1.6	1.2
1981	0.4	-0.2	0.3	0.1	0.8	0.6	0.1	0.9	4.5	2.9	4.0	2.2	1.2
1982	0.1	0.2	0.5	0.4	0.6	1.1	0.8	1.1	3.6	1.7	2.2	3.3	1.2
1983	1.3	1.3	1.2	1.3	0.5	1.3	1.3	1.5	1.2	1.1	-5.5	2.8	1.0
1984	0.6	1.3	1.1	1.0	0.5	1.3	1.0	1.3	0.2	1.3	0.0	2.5	1.0
1985	0.2	1.2	1.0	0.7	0.6	1.4	1.1	1.1	0.3	0.9	3.6	2.6	0.9
1986	-0.1	0.5	0.5	0.2	0.7	1.3	0.7	0.3	1.3	0.7	-1.3	-0.2	0.9

Table 1.2
Distribution of Population among Provinces and the Territories
 1947 – 1986
 (percentage of Canada)

Year	Nfld.	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alta.	B.C.	Yukon	N.W.T.	Canada
1947	—	0.7	4.9	3.9	29.6	33.3	5.9	6.7	6.6	8.3	0.1	0.1	100.0
1948	—	0.7	4.9	3.9	29.5	33.3	5.8	6.5	6.7	8.4	0.1	0.1	100.0
1949	2.6	0.7	4.7	3.8	28.9	32.6	5.6	6.2	6.6	8.3	0.1	0.1	100.0
1950	2.6	0.7	4.7	3.7	28.9	32.6	5.6	6.1	6.7	8.3	0.1	0.1	100.0
1951	2.6	0.7	4.6	3.7	28.9	32.8	5.5	5.9	6.7	8.3	0.1	0.1	100.0
1952	2.6	0.7	4.5	3.6	28.9	33.1	5.5	5.8	6.7	8.3	0.1	0.1	100.0
1953	2.6	0.7	4.5	3.6	28.8	33.3	5.4	5.8	6.8	8.4	0.1	0.1	100.0
1954	2.6	0.7	4.4	3.5	28.7	33.5	5.4	5.7	6.9	8.5	0.1	0.1	100.0
1955	2.6	0.6	4.4	3.5	28.8	33.5	5.3	5.6	6.9	8.5	0.1	0.1	100.0
1956	2.6	0.6	4.3	3.4	28.8	33.6	5.3	5.5	7.0	8.7	0.1	0.1	100.0
1957	2.6	0.6	4.2	3.4	28.7	33.9	5.2	5.3	7.0	8.9	0.1	0.1	100.0
1958	2.5	0.6	4.2	3.3	28.7	34.1	5.1	5.2	7.1	9.0	0.1	0.1	100.0
1959	2.5	0.6	4.1	3.3	28.7	34.1	5.1	5.2	7.1	9.0	0.1	0.1	100.0
1960	2.5	0.6	4.1	3.3	28.8	34.2	5.1	5.1	7.2	9.0	0.1	0.1	100.0
1961	2.5	0.6	4.0	3.3	28.8	34.2	5.1	5.1	7.3	8.9	0.1	0.1	100.0
1962	2.5	0.6	4.0	3.3	28.9	34.2	5.0	5.0	7.4	8.9	0.1	0.1	100.0
1963	2.5	0.6	4.0	3.2	29.0	34.2	5.0	4.9	7.4	9.0	0.1	0.1	100.0
1964	2.5	0.6	3.9	3.2	28.9	34.4	5.0	4.9	7.4	9.0	0.1	0.1	100.0
1965	2.5	0.6	3.8	3.1	28.9	34.6	4.9	4.8	7.4	9.1	0.1	0.1	100.0
1966	2.5	0.5	3.8	3.1	28.9	34.8	4.8	4.8	7.3	9.4	0.1	0.1	100.0
1967	2.4	0.5	3.7	3.0	28.8	35.0	4.7	4.7	7.3	9.5	0.1	0.1	100.0
1968	2.4	0.5	3.7	3.0	28.6	35.1	4.7	4.6	7.4	9.7	0.1	0.1	100.0
1969	2.4	0.5	3.7	3.0	28.5	35.2	4.7	4.6	7.4	9.8	0.1	0.1	100.0
1970	2.4	0.5	3.7	2.9	28.2	35.5	4.6	4.4	7.5	10.0	0.1	0.2	100.0
1971	2.4	0.5	3.7	2.9	27.9	35.7	4.6	4.3	7.5	10.1	0.1	0.2	100.0
1972	2.4	0.5	3.6	2.9	27.8	35.8	4.5	4.2	7.6	10.3	0.1	0.2	100.0
1973	2.4	0.5	3.6	2.9	27.6	35.9	4.5	4.1	7.7	10.4	0.1	0.2	100.0
1974	2.4	0.5	3.6	2.9	27.4	36.0	4.5	4.0	7.7	10.6	0.1	0.2	100.0
1975	2.4	0.5	3.6	2.9	27.2	36.0	4.5	4.0	7.8	10.7	0.1	0.2	100.0
1976	2.4	0.5	3.6	2.9	27.1	35.9	4.4	4.0	8.0	10.7	0.1	0.2	100.0
1977	2.4	0.5	3.6	2.9	27.0	35.9	4.4	4.0	8.2	10.7	0.1	0.2	100.0
1978	2.4	0.5	3.6	2.9	26.8	35.9	4.4	4.0	8.4	10.8	0.1	0.2	100.0
1979	2.4	0.5	3.5	2.9	26.7	35.8	4.3	4.0	8.6	10.9	0.1	0.2	100.0
1980	2.4	0.5	3.5	2.9	26.6	35.6	4.3	4.0	8.9	11.1	0.1	0.2	100.0
1981	2.3	0.5	3.5	2.9	26.4	35.4	4.2	4.0	9.2	11.3	0.1	0.2	100.0
1982	2.3	0.5	3.5	2.8	26.3	35.4	4.2	4.0	9.4	11.3	0.1	0.2	100.0
1983	2.3	0.5	3.5	2.8	26.2	35.5	4.2	4.0	9.4	11.3	0.1	0.2	100.0
1984	2.3	0.5	3.5	2.8	26.1	35.6	4.2	4.0	9.4	11.4	0.1	0.2	100.0
1985	2.3	0.5	3.5	2.8	26.0	35.7	4.2	4.0	9.3	11.4	0.1	0.2	100.0
1986	2.3	0.5	3.5	2.8	25.9	35.9	4.2	4.0	9.3	11.4	0.1	0.2	100.0

Reference Table 2
Demographic Developments
 1947 – 1986

Year	Population at June 1st (thousands)	Immigration										Immi- gration Marriages	
		Birth	Death	Natural increase	Total	Destined to labour force		Birth	Death	Natural increase			
						Marriages							
1947.....	12,551	359,943	118,157	241,786	—	—	127,483	28.7	9.4	19.3	—	10.2	
1948.....	12,823	348,226	119,866	228,360	—	—	123,508	27.2	9.3	17.8	—	9.6	
1949.....	13,447	367,092	124,567	242,525	—	—	124,087	27.3	9.3	18.0	—	9.2	
1950.....	13,712	372,009	124,220	247,789	—	—	125,083	27.1	9.1	18.1	—	9.1	
1951.....	14,009	381,092	125,823	255,269	—	—	128,408	27.2	9.0	18.2	—	9.2	
1952.....	14,459	403,559	126,385	277,174	—	—	128,474	27.9	8.7	19.2	—	8.9	
1953.....	14,845	417,884	127,791	290,093	—	—	131,034	28.1	8.6	19.5	—	8.8	
1954.....	15,287	436,198	124,855	311,343	—	—	128,629	28.5	8.2	20.4	—	8.4	
1955.....	15,698	442,937	128,476	314,461	109,946	57,987	128,029	28.2	8.2	20.0	7.0	8.2	
1956.....	16,081	450,739	131,961	318,778	164,857	91,039	132,713	28.0	8.2	19.8	10.3	8.3	
1957.....	16,610	469,093	136,579	332,514	282,164	151,511	133,186	28.2	8.2	20.0	17.0	8.0	
1958.....	17,080	470,118	135,201	334,917	124,851	63,078	131,525	27.5	7.9	19.6	7.3	7.7	
1959.....	17,483	479,275	139,913	339,362	106,928	53,551	132,474	27.4	8.0	19.4	6.1	7.6	
1960.....	17,870	478,551	139,693	338,858	104,111	53,573	130,338	26.8	7.8	19.0	5.8	7.3	
1961.....	18,238	475,700	140,985	334,715	71,689	34,809	128,475	26.1	7.7	18.4	3.9	7.0	
1962.....	18,583	469,693	143,699	325,994	74,586	36,748	129,381	25.3	7.7	17.5	4.0	7.0	
1963.....	18,931	465,767	147,367	318,400	93,151	45,866	131,111	24.6	7.8	16.8	4.9	6.9	
1964.....	19,291	452,915	145,850	307,065	112,606	56,190	138,135	23.5	7.6	15.9	5.8	7.2	
1965.....	19,644	418,595	148,939	269,656	146,758	74,195	145,519	21.3	7.6	13.7	7.5	7.4	
1966.....	20,015	387,710	149,863	237,847	194,743	99,210	155,596	19.4	7.5	11.9	9.7	7.8	
1967.....	20,378	370,894	150,283	220,611	222,876	119,539	165,879	18.2	7.4	10.8	10.9	8.1	
1968.....	20,701	364,310	153,196	211,114	183,974	95,446	171,766	17.6	7.4	10.2	8.9	8.3	
1969.....	21,001	369,647	154,477	215,170	161,531	84,349	182,183	17.6	7.4	10.2	7.7	8.7	
1970.....	21,297	371,988	155,961	216,027	147,713	77,723	188,428	17.5	7.3	10.1	6.9	8.8	
1971.....	21,568	362,187	157,272	204,915	121,900	61,282	191,324	16.8	7.3	9.5	5.7	8.9	
1972.....	21,802	347,319	162,413	184,906	122,006	59,432	200,470	15.9	7.4	8.5	5.6	9.2	
1973.....	22,043	343,373	164,039	179,334	184,200	92,228	199,064	15.6	7.4	8.1	8.4	9.0	
1974.....	22,364	345,645	166,794	178,851	218,465	106,083	198,824	15.5	7.5	8.0	9.8	8.9	
1975.....	22,697	358,285	167,404	190,881	187,881	81,189	197,585	15.8	7.4	8.4	8.3	8.7	
1976.....	22,993	359,300	167,009	192,291	146,110	60,125	193,343	15.6	7.3	8.4	6.4	8.4	
1977.....	23,273	362,208	167,498	194,710	114,914	47,627	187,344	15.6	7.2	8.4	4.9	8.0	
1978.....	23,517	358,852	168,179	190,673	86,313	35,204	185,523	15.3	7.2	8.1	3.7	7.9	
1979.....	23,747	365,475	168,183	197,292	112,096	48,234	187,811	15.4	7.1	8.3	4.7	7.9	
1980.....	24,043	370,709	171,473	199,236	143,117	63,745	191,069	15.4	7.1	8.3	6.0	7.9	
1981.....	24,342	371,346	171,029	200,317	128,618	56,969	190,082	15.3	7.0	8.2	5.3	7.8	
1982.....	24,632	372,882	174,413	198,469	121,147	55,472	188,119	15.1	7.1	8.1	4.9	7.6	
1983.....	24,885	373,689	174,484	199,205	89,157	37,109	184,675	15.0	7.0	8.0	3.6	7.4	
1984.....	25,124	377,031	175,727	201,304	88,199	38,523	185,597	15.0	7.0	8.0	3.5	7.4	
1985.....	25,360	379,140	178,330	200,810	84,253	38,506	180,650	15.0	7.0	7.9	3.3	7.1	
1986.....	25,591	287,710	139,680	148,030	98,620	47,937	190,680	11.2	5.5	5.8	3.9	7.5	

Source: Statistics Canada, *Vital Statistics* (84-001), and *Postcensal Annual Estimates of Population* (91-201); Employment and Immigration Canada.

Reference Table 3
Gross Domestic Product, Expenditure Based
 1947 – 1986
 (millions of dollars)

Year	Personal expenditure on consumer goods and services	Government current expenditure on goods and services	Gross fixed capital formation				Inventory change	Exports ⁽¹⁾ of goods and services	Imports ⁽²⁾ of goods and services	Statistical discrepancy	Gross domestic product at market prices
			Total	Government	Non-residential	Housing					
1947.....	9,427	1,343	2,477	304	1,591	582	343	3,586	3,204	-32	13,940
1948.....	10,423	1,454	3,189	424	1,974	791	97	3,969	3,236	73	15,969
1949.....	11,463	1,722	3,598	456	2,188	954	78	3,893	3,387	-20	17,347
1950.....	12,576	1,928	4,047	521	2,388	1,138	549	4,028	3,937	-66	19,125
1951.....	13,973	2,811	4,644	640	2,950	1,054	871	4,908	5,045	118	22,280
1952.....	15,282	3,620	5,324	779	3,371	1,174	499	5,373	4,862	-66	25,170
1953.....	16,296	3,824	5,983	782	3,699	1,502	600	5,174	5,311	-171	26,395
1954.....	17,078	3,825	5,975	873	3,429	1,673	-202	4,944	5,023	-66	26,531
1955.....	18,543	4,036	6,762	948	3,689	2,125	285	5,536	5,804	-108	29,250
1956.....	20,273	4,426	8,394	1,144	5,031	2,219	985	6,141	7,007	-310	32,902
1957.....	21,699	4,573	9,058	1,327	5,693	2,038	170	6,158	6,996	-195	34,467
1958.....	23,064	4,854	8,880	1,397	5,049	2,434	-296	6,072	6,558	-327	35,689
1959.....	24,643	4,976	9,007	1,508	5,006	2,493	414	6,403	7,168	-398	37,877
1960.....	25,780	5,281	8,844	1,560	5,119	2,165	409	6,728	7,222	-372	39,448
1961.....	26,240	6,166	8,759	1,674	4,929	2,156	111	7,296	7,450	-236	40,886
1962.....	27,985	6,567	9,257	1,903	5,128	2,226	671	7,939	7,977	-34	44,408
1963.....	29,846	6,923	9,950	1,985	5,612	2,353	723	8,748	8,398	-114	47,678
1964.....	32,042	7,526	11,668	2,023	6,800	2,845	592	10,067	9,565	-139	52,191
1965.....	34,714	8,269	13,665	2,440	8,105	3,120	1,295	10,719	10,832	-307	57,523
1966.....	37,952	9,643	15,922	2,841	9,915	3,166	1,278	12,564	12,584	-387	64,388
1967.....	41,068	11,092	16,248	2,954	9,865	3,429	205	14,161	13,461	-249	69,064
1968.....	44,842	12,685	16,492	2,983	9,518	3,991	737	16,166	15,186	-318	75,418
1969.....	49,093	14,186	18,144	3,055	10,332	4,757	1,477	17,844	17,705	-13	83,026
1970.....	51,853	16,448	19,011	3,173	11,342	4,496	239	20,078	17,830	-683	89,116
1971.....	56,271	18,228	21,570	3,745	12,236	5,589	371	21,173	19,531	-792	97,290
1972.....	63,021	20,136	23,878	3,952	13,263	6,663	782	23,737	22,779	-146	108,629
1973.....	72,069	22,851	28,858	4,270	16,182	8,406	1,864	29,767	28,024	-13	127,372
1974.....	84,231	27,480	35,780	5,410	20,067	10,303	3,591	37,805	37,366	590	152,111
1975.....	97,566	33,266	41,845	6,243	24,565	11,037	1,368	38,954	41,362	-97	171,540
1976.....	111,500	38,274	46,707	6,245	26,322	14,140	2,330	44,252	45,279	140	197,924
1977.....	123,555	43,411	50,226	6,741	28,606	14,879	1,864	51,183	51,252	-1,108	217,879
1978.....	137,427	47,386	54,579	7,083	31,622	15,874	1,053	61,152	60,052	59	241,604
1979.....	153,390	52,286	63,435	7,339	39,124	16,972	4,993	75,073	73,279	198	276,096
1980.....	172,416	59,250	72,288	8,223	46,663	17,402	336	87,579	81,933	-45	309,891
1981.....	196,191	68,792	86,119	9,447	56,103	20,569	1,186	96,880	93,001	-173	355,994
1982.....	210,509	78,655	81,327	10,519	53,221	17,587	-9,753	96,651	82,598	-349	374,442
1983.....	231,452	84,571	81,227	10,395	49,520	21,312	-2,898	103,444	89,832	-2,247	405,717
1984.....	252,030	89,989	84,700	11,325	51,075	22,300	4,322	126,334	110,163	-1,608	445,604
1985.....	275,844	96,374	94,493	12,749	56,005	25,739	2,493	135,358	122,995	-2,121	479,446
1986.....	298,747	101,198	101,960	12,708	57,327	31,925	3,699	138,265	132,130	-1,841	509,898

(1) Excludes investment income received from non-residents.

(2) Excludes investment income paid to non-residents.

Source: Statistics Canada, *National Income and Expenditure Accounts* (13-001).

Table 3.1
Change in Gross Domestic Product, Expenditure Based
 1948 – 1986
 (per cent)

Year	Personal expenditure on consumer goods and services	Government current expenditure on goods and services	Gross fixed capital formation				Exports of goods and services	Imports of goods and services	Gross domestic product at market prices
			Total	Govern-ment	Non resi-dential	Housing			
1948	10.6	8.3	28.7	39.5	24.1	35.9	10.7	1.0	14.6
1949	10.0	18.4	12.8	7.5	10.8	20.6	-1.9	4.7	8.6
1950	9.7	12.0	12.5	14.3	9.1	19.3	3.5	16.2	10.2
1951	11.1	45.8	14.8	22.8	23.5	-7.4	21.8	28.1	16.5
1952	9.4	28.8	14.6	21.7	14.3	11.4	9.5	-3.6	13.0
1953	6.6	5.6	12.4	0.4	9.7	27.9	-3.7	9.2	4.9
1954	4.8	0.0	-0.1	11.6	-7.3	11.4	-4.4	-5.4	0.5
1955	8.6	5.5	13.2	8.6	7.6	27.0	12.0	15.5	10.2
1956	9.3	9.7	24.1	20.7	36.4	4.4	10.9	20.7	12.5
1957	7.0	3.3	7.9	16.0	13.2	-8.2	0.3	-0.2	4.8
1958	6.3	6.1	-2.0	5.3	-11.3	19.4	-1.4	-6.3	3.5
1959	6.8	2.5	1.4	7.9	-0.9	2.4	5.5	9.3	6.1
1960	4.6	6.1	-1.8	3.4	2.3	-13.2	5.1	0.8	4.1
1961	1.8	16.8	-1.0	7.3	-3.7	-0.4	8.4	3.2	3.6
1962	6.7	6.5	5.7	13.7	4.0	3.2	8.8	7.1	8.6
1963	6.6	5.4	7.5	4.3	9.4	5.7	10.2	5.3	7.4
1964	7.4	8.7	17.3	1.9	21.2	20.9	15.1	13.9	9.5
1965	8.3	9.9	17.1	20.6	19.2	9.7	6.5	13.2	10.2
1966	9.3	16.6	16.5	16.4	22.3	1.5	17.2	16.2	11.9
1967	8.2	15.0	2.0	4.0	-0.5	8.3	12.7	7.0	7.3
1968	9.2	14.4	1.5	1.0	-3.5	16.4	14.2	12.8	9.2
1969	9.5	11.8	10.0	2.4	8.6	19.2	10.4	16.6	10.1
1970	5.6	15.9	4.8	3.9	9.8	-5.5	12.5	0.7	7.3
1971	8.5	10.8	13.5	18.0	7.9	24.3	5.5	9.5	9.2
1972	12.0	10.5	10.7	5.5	8.4	19.2	12.1	16.6	11.7
1973	14.4	13.5	20.9	8.0	22.0	26.2	25.4	23.0	17.3
1974	16.9	20.3	24.0	26.7	24.0	22.6	27.0	33.3	19.4
1975	15.8	21.1	17.0	15.4	22.4	7.1	3.0	10.7	12.8
1976	14.3	15.1	11.6	0.0	7.2	28.1	13.6	9.5	15.4
1977	10.8	13.4	7.5	7.9	8.7	5.2	15.7	13.2	10.1
1978	11.2	9.2	8.7	5.1	10.5	6.7	19.5	17.2	10.9
1979	11.6	10.3	16.2	3.6	23.7	6.9	22.8	22.0	14.3
1980	12.4	13.3	14.0	12.0	19.3	2.5	16.7	11.8	12.2
1981	13.8	16.1	19.1	14.9	20.2	18.2	10.6	13.5	14.9
1982	7.3	14.3	-5.6	11.3	-5.1	-14.5	-0.2	-11.2	5.2
1983	9.9	7.5	-0.1	-1.2	-7.0	21.2	7.0	8.8	8.4
1984	8.9	6.4	4.3	8.9	3.1	4.6	22.1	22.6	9.8
1985	9.4	7.1	11.6	12.6	9.7	15.4	7.1	11.6	7.6
1986	8.3	5.0	7.9	-0.3	2.4	24.0	2.1	7.4	6.4

Reference Table 4
Gross Domestic Product at 1981 Prices, Expenditure Based
1947 – 1986
(millions of dollars)

Year	Personal expenditure on consumer goods and services	Government current expenditure on goods and services	Gross fixed capital formation					Exports ⁽¹⁾ of goods and services	Imports ⁽²⁾ of goods and services	Statistical discrepancy	Gross domestic product at 1981 prices
			Total	Government	Non-residential	Housing	Inventory change				
1947.....	42,881	12,747	11,910	1,520	7,101	3,680	1,905	16,720	13,013	- 167	74,143
1948.....	41,789	12,095	13,514	1,892	7,986	4,273	422	16,860	11,691	404	75,268
1949.....	44,375	13,376	14,591	1,961	8,510	4,946	490	15,969	11,888	- 94	78,647
1950.....	47,264	14,410	15,707	2,160	8,980	5,621	2,367	15,822	12,842	- 291	84,784
1951.....	47,698	18,845	15,708	2,210	9,773	4,507	3,067	17,340	14,925	512	88,562
1952.....	51,001	23,211	17,469	2,633	10,845	4,937	1,527	19,157	15,587	- 256	95,951
1953.....	54,494	23,918	19,597	2,809	11,788	6,263	2,284	18,903	16,997	- 694	100,722
1954.....	56,458	22,986	19,633	3,132	11,059	7,039	- 647	18,230	16,019	- 251	99,620
1955.....	61,252	23,490	21,625	3,168	11,725	8,773	1,354	19,601	18,238	- 419	109,104
1956.....	65,934	24,042	25,518	3,450	15,225	9,023	3,268	21,172	21,296	- 1,187	118,514
1957.....	68,318	23,654	27,134	4,235	17,196	8,056	648	21,349	20,661	- 738	121,471
1958.....	70,791	24,368	26,779	4,701	15,308	9,652	- 759	21,162	19,055	- 1,225	124,108
1959.....	74,731	24,161	26,959	5,059	14,705	9,900	1,080	21,959	21,013	- 1,461	128,998
1960.....	77,411	24,745	26,122	5,182	14,782	8,430	1,646	22,937	20,963	- 1,350	132,752
1961.....	78,337	27,972	26,032	5,760	14,421	8,323	1,751	24,497	21,016	- 852	136,914
1962.....	82,412	29,095	27,165	6,486	14,553	8,565	2,144	25,628	21,503	- 165	146,614
1963.....	86,069	29,844	28,382	6,534	15,413	8,837	2,212	27,991	22,076	- 425	154,224
1964.....	90,953	31,477	32,129	6,461	18,009	10,244	2,597	31,526	24,977	- 504	164,504
1965.....	96,463	33,025	35,765	7,314	20,342	10,638	4,274	32,967	28,136	- 1,003	175,359
1966.....	101,550	35,818	39,606	8,047	23,647	10,129	3,825	37,581	31,998	- 1,190	187,263
1967.....	105,619	38,599	39,478	8,285	22,886	10,340	1,133	41,478	33,671	- 755	192,752
1968.....	110,363	41,567	39,673	8,351	22,165	11,780	2,155	46,714	36,981	- 928	203,072
1969.....	116,034	42,891	41,817	8,176	22,869	13,368	3,692	50,464	41,811	- 88	213,946
1970.....	118,355	46,910	41,958	8,134	24,060	12,175	1,435	54,846	41,094	- 1,745	219,498
1971.....	125,383	48,965	45,254	9,121	24,930	14,217	1,522	57,702	44,036	- 1,913	232,137
1972.....	134,802	50,289	47,209	9,118	25,516	15,525	2,794	62,220	50,119	- 354	245,441
1973.....	144,893	53,209	51,894	8,904	28,836	16,652	4,315	68,788	57,470	- 44	264,369
1974.....	153,280	56,199	55,341	9,277	31,164	17,216	7,647	67,423	63,839	1,029	276,006
1975.....	160,513	59,836	58,555	9,627	34,338	17,064	2,504	62,861	61,747	- 158	283,187
1976.....	170,994	61,010	61,260	9,184	34,619	20,134	4,227	69,521	67,079	207	300,638
1977.....	176,400	63,812	62,535	9,325	35,735	20,371	3,162	75,688	68,251	- 1,627	311,504
1978.....	182,407	64,878	64,476	9,157	37,248	20,589	1,817	86,014	73,304	28	325,751
1979.....	187,673	65,246	69,979	8,743	42,816	20,386	6,902	90,339	81,660	202	338,362
1980.....	191,777	67,097	77,041	9,026	49,530	19,292	328	92,800	85,691	- 19	343,384
1981.....	196,191	68,792	86,119	9,447	56,103	20,569	1,186	96,880	93,001	- 173	355,994
1982.....	190,993	70,426	76,655	9,824	49,623	17,208	- 9,144	94,772	78,898	- 261	344,543
1983.....	197,546	71,446	76,106	9,475	46,500	20,131	- 2,527	100,840	86,009	- 1,957	355,445
1984.....	205,986	72,491	77,328	9,995	47,120	20,213	3,710	119,846	100,249	- 1,357	377,755
1985.....	216,733	74,459	83,601	10,948	49,971	22,682	2,311	127,025	108,586	- 1,726	393,817
1986.....	225,159	75,169	87,864	10,739	51,062	26,063	3,591	133,009	116,405	- 1,456	406,931

⁽¹⁾ Excludes investment income received from non-residents.

⁽²⁾ Excludes investment income paid to non-residents.

Source: Statistics Canada, *National Income and Expenditure Accounts* (13-001).

Table 4.1
Change in Gross Domestic Product at 1981 Prices, Expenditure Based
 1948 – 1986
 (per cent)

Year	Personal expenditure on consumer goods and services	Government current expenditure on goods and services	Gross fixed capital formation			Exports of goods and services	Imports of goods and services	Gross domestic product at 1981 prices	
			Total	Government	Non-residential				
1948.....	-2.5	-5.1	13.5	24.5	12.5	16.1	0.8	-10.2	1.5
1949.....	6.2	10.6	8.0	3.6	6.6	15.8	-5.3	1.7	4.5
1950.....	6.5	7.7	7.6	10.1	5.5	13.6	-0.9	8.0	7.8
1951.....	0.9	30.8	0.0	2.3	8.8	-19.8	9.6	16.2	4.5
1952.....	6.9	23.2	11.2	19.1	11.0	9.5	10.5	4.4	8.3
1953.....	6.8	3.0	12.2	6.7	8.7	26.9	-1.3	9.0	5.0
1954.....	3.6	-3.9	0.2	11.5	-6.2	12.4	-3.6	-5.8	-1.1
1955.....	8.5	2.2	10.1	1.1	6.0	24.6	7.5	13.9	9.5
1956.....	7.6	2.3	18.0	8.9	29.9	2.8	8.0	16.8	8.6
1957.....	3.6	-1.6	6.3	22.8	12.9	-10.7	0.8	-3.0	2.5
1958.....	3.6	3.0	-1.3	11.0	-11.0	19.8	-0.9	-7.8	2.2
1959.....	5.6	-0.8	0.7	7.6	-3.9	2.6	3.8	10.3	3.9
1960.....	3.6	2.4	-3.1	2.4	0.5	-14.8	4.5	-0.2	2.9
1961.....	1.2	13.0	-0.3	11.2	-2.4	-1.3	6.8	0.3	3.1
1962.....	5.2	4.0	4.4	12.6	0.9	2.9	4.6	2.3	7.1
1963.....	4.4	2.6	4.5	0.7	5.9	3.2	9.2	2.7	5.2
1964.....	5.7	5.5	13.2	-1.1	16.8	15.9	12.6	13.1	6.7
1965.....	6.1	4.9	11.3	13.2	13.0	3.8	4.6	12.6	6.6
1966.....	5.3	8.5	10.7	10.0	16.2	-4.8	14.0	13.7	6.8
1967.....	4.0	7.8	-0.3	3.0	-3.2	2.1	10.4	5.2	2.9
1968.....	4.5	7.7	0.5	0.8	-3.2	13.9	12.6	9.8	5.4
1969.....	5.1	3.2	5.4	-2.1	3.2	13.5	8.0	13.1	5.4
1970.....	2.0	9.4	0.3	-0.5	5.2	-8.9	8.7	-1.7	2.6
1971.....	5.9	4.4	7.9	12.1	3.6	16.8	5.2	7.2	5.8
1972.....	7.5	2.7	4.3	-0.0	2.4	9.2	7.8	13.8	5.7
1973.....	7.5	5.8	9.9	-2.3	13.0	7.3	10.6	14.7	7.7
1974.....	5.8	5.6	6.6	4.2	8.1	3.4	-2.0	11.1	4.4
1975.....	4.7	6.5	5.8	3.8	10.2	-0.9	-6.8	-3.3	2.6
1976.....	6.5	2.0	4.6	-4.6	0.8	18.0	10.6	8.6	6.2
1977.....	3.2	4.6	2.1	1.5	3.2	1.2	8.9	1.7	3.6
1978.....	3.4	1.7	3.1	-1.8	4.2	1.1	13.6	7.4	4.6
1979.....	2.9	0.6	8.5	-4.5	14.9	-1.0	5.0	11.4	3.9
1980.....	2.2	2.8	10.1	3.2	15.7	-5.4	2.7	4.9	1.5
1981.....	2.3	2.5	11.8	4.7	13.3	6.6	4.4	8.5	3.7
1982.....	-2.6	2.4	-11.0	4.0	-11.6	-16.3	-2.2	-15.2	-3.2
1983.....	3.4	1.4	-0.7	-3.6	-6.3	17.0	6.4	9.0	3.2
1984.....	4.3	1.5	1.6	5.5	1.3	0.4	18.8	16.6	6.3
1985.....	5.2	2.7	8.1	9.5	6.1	12.2	6.0	8.3	4.3
1986.....	3.9	1.0	5.1	-1.9	2.2	14.9	4.7	7.2	3.3

Reference Table 5

Structural Changes in Demand

(Percentage Distribution of Gross Domestic Product by Component)

1947 – 1986

Year	Personal expenditure on consumer goods and services	Government current expenditure on goods and services	Gross fixed capital formation					Exports of goods and services	Imports of goods and services	Statistical discrepancy	Gross domestic product at market prices
			Total	Government	Non-residential	Housing	Inventory change				
1947.....	67.6	9.6	17.8	2.2	11.4	4.2	2.5	25.7	23.0	-0.2	100.0
1948.....	65.3	9.1	20.0	2.7	12.4	5.0	0.6	24.9	20.3	0.5	100.0
1949.....	66.1	9.9	20.7	2.6	12.6	5.5	0.4	22.4	19.5	-0.1	100.0
1950.....	65.8	10.1	21.2	2.7	12.5	6.0	2.9	21.1	20.6	-0.3	100.0
1951.....	62.7	12.6	20.8	2.9	13.2	4.7	3.9	22.0	22.6	0.5	100.0
1952.....	60.7	14.4	21.2	3.1	13.4	4.7	2.0	21.3	19.3	-0.3	100.0
1953.....	61.7	14.5	22.7	3.0	14.0	5.7	2.3	19.6	20.1	-0.6	100.0
1954.....	64.4	14.4	22.5	3.3	12.9	6.3	-0.8	18.6	18.9	-0.2	100.0
1955.....	63.4	13.8	23.1	3.2	12.6	7.3	1.0	18.9	19.8	-0.4	100.0
1956.....	61.6	13.5	25.5	3.5	15.3	6.7	3.0	18.7	21.3	-0.9	100.0
1957.....	63.0	13.3	26.3	3.9	16.5	5.9	0.5	17.9	20.3	-0.6	100.0
1958.....	64.6	13.6	24.9	3.9	14.1	6.8	-0.8	17.0	18.4	-0.9	100.0
1959.....	65.1	13.1	23.8	4.0	13.2	6.6	1.1	16.9	18.9	-1.1	100.0
1960.....	65.4	13.4	22.4	4.0	13.0	5.5	1.0	17.1	18.3	-0.9	100.0
1961.....	64.2	15.1	21.4	4.1	12.1	5.3	0.3	17.8	18.2	-0.6	100.0
1962.....	63.0	14.8	20.8	4.3	11.5	5.0	1.5	17.9	18.0	-0.1	100.0
1963.....	62.6	14.5	20.9	4.2	11.8	4.9	1.5	18.3	17.6	-0.2	100.0
1964.....	61.4	14.4	22.4	3.9	13.0	5.5	1.1	19.3	18.3	-0.3	100.0
1965.....	60.3	14.4	23.8	4.2	14.1	5.4	2.3	18.6	18.8	-0.5	100.0
1966.....	58.9	15.0	24.7	4.4	15.4	4.9	2.0	19.5	19.5	-0.6	100.0
1967.....	59.5	16.1	23.5	4.3	14.3	5.0	0.3	20.5	19.5	-0.4	100.0
1968.....	59.5	16.8	21.9	4.0	12.6	5.3	1.0	21.4	20.1	-0.4	100.0
1969.....	59.1	17.1	21.9	3.7	12.4	5.7	1.8	21.5	21.3	-0.0	100.0
1970.....	58.2	18.5	21.3	3.6	12.7	5.0	0.3	22.5	20.0	-0.8	100.0
1971.....	57.8	18.7	22.2	3.8	12.6	5.7	0.4	21.8	20.1	-0.8	100.0
1972.....	58.0	18.5	22.0	3.6	12.2	6.1	0.7	21.9	21.0	-0.1	100.0
1973.....	56.6	17.9	22.7	3.4	12.7	6.6	1.5	23.4	22.0	-0.0	100.0
1974.....	55.4	18.1	23.5	3.6	13.2	6.8	2.4	24.9	24.6	0.4	100.0
1975.....	56.9	19.4	24.4	3.6	14.3	6.4	0.8	22.7	24.1	-0.1	100.0
1976.....	56.3	19.3	23.6	3.2	13.3	7.1	1.2	22.4	22.9	0.1	100.0
1977.....	56.7	19.9	23.1	3.1	13.1	6.8	0.9	23.5	23.5	-0.5	100.0
1978.....	56.9	19.6	22.6	2.9	13.1	6.6	0.4	25.3	24.9	0.0	100.0
1979.....	55.6	18.9	23.0	2.7	14.2	6.1	1.8	27.2	26.5	0.1	100.0
1980.....	55.6	19.1	23.3	2.7	15.1	5.6	0.1	28.3	26.4	-0.0	100.0
1981.....	55.1	19.3	24.2	2.7	15.8	5.8	0.3	27.2	26.1	-0.0	100.0
1982.....	56.2	21.0	21.7	2.8	14.2	4.7	-2.6	25.8	22.1	-0.1	100.0
1983.....	57.0	20.8	20.0	2.6	12.2	5.3	-0.7	25.5	22.1	-0.6	100.0
1984.....	56.6	20.2	19.0	2.5	11.5	5.0	1.0	28.4	24.7	-0.4	100.0
1985.....	57.5	20.1	19.7	2.7	11.7	5.4	0.5	28.2	25.7	-0.4	100.0
1986.....	58.6	19.8	20.0	2.5	11.2	6.3	0.7	27.1	25.9	-0.4	100.0

Source: Statistics Canada, National Income and Expenditure Accounts (13-001).

Reference Table 6

Structural Changes in Demand, in Real Terms

(Percentage Distribution of Gross Domestic Product in 1981 Prices by Component)

1947 – 1986

Year	Personal expenditure on consumer goods and services	Government current expenditure on goods and services	Gross fixed capital formation				Exports of goods and services	Imports of goods and services	Statistical discrepancy	Gross domestic product in 1981 prices	
			Total	Government	Non-residential	Housing					
1947.....	57.8	17.2	16.1	2.1	9.6	5.0	2.6	22.6	17.6	-0.2	100.0
1948.....	55.5	16.1	18.0	2.5	10.6	5.7	0.6	22.4	15.5	0.5	100.0
1949.....	56.4	17.0	18.6	2.5	10.8	6.3	0.6	20.3	15.1	-0.1	100.0
1950.....	55.7	17.0	18.5	2.5	10.6	6.6	2.8	18.7	15.1	-0.3	100.0
1951.....	53.9	21.3	17.7	2.5	11.0	5.1	3.5	19.6	16.9	0.6	100.0
1952.....	53.2	24.2	18.2	2.7	11.3	5.1	1.6	20.0	16.2	-0.3	100.0
1953.....	54.1	23.7	19.5	2.8	11.7	6.2	2.3	18.8	16.9	-0.7	100.0
1954.....	56.7	23.1	19.7	3.1	11.1	7.1	-0.6	18.3	16.1	-0.3	100.0
1955.....	56.1	21.5	19.8	2.9	10.7	8.0	1.2	18.0	16.7	-0.4	100.0
1956.....	55.6	20.3	21.5	2.9	12.8	7.6	2.8	17.9	18.0	-1.0	100.0
1957.....	56.2	19.5	22.3	3.5	14.2	6.6	0.5	17.6	17.0	-0.6	100.0
1958.....	57.0	19.6	21.6	3.8	12.3	7.8	-0.6	17.1	15.4	-1.0	100.0
1959.....	57.9	18.7	20.9	3.9	11.4	7.7	0.8	17.0	16.3	-1.1	100.0
1960.....	58.3	18.6	19.7	3.9	11.1	6.4	1.2	17.3	15.8	-1.0	100.0
1961.....	57.2	20.4	19.0	4.2	10.5	6.1	1.3	17.9	15.3	-0.6	100.0
1962.....	56.2	19.8	18.5	4.4	9.9	5.8	1.5	17.5	14.7	-0.1	100.0
1963.....	55.8	19.4	18.4	4.2	10.0	5.7	1.4	18.1	14.3	-0.3	100.0
1964.....	55.3	19.1	19.5	3.9	10.9	6.2	1.6	19.2	15.2	-0.3	100.0
1965.....	55.0	18.8	20.4	4.2	11.6	6.1	2.4	18.8	16.0	-0.6	100.0
1966.....	54.2	19.1	21.1	4.3	12.6	5.4	2.0	20.1	17.1	-0.6	100.0
1967.....	54.8	20.0	20.5	4.3	11.9	5.4	0.6	21.5	17.5	-0.4	100.0
1968.....	54.3	20.5	19.5	4.1	10.9	5.8	1.1	23.0	18.2	-0.5	100.0
1969.....	54.2	20.0	19.5	3.8	10.7	6.2	1.7	23.6	19.5	-0.0	100.0
1970.....	53.9	21.4	19.1	3.7	11.0	5.5	0.7	25.0	18.7	-0.8	100.0
1971.....	54.0	21.1	19.5	3.9	10.7	6.1	0.7	24.9	19.0	-0.8	100.0
1972.....	54.9	20.5	19.2	3.7	10.4	6.3	1.1	25.4	20.4	-0.1	100.0
1973.....	54.8	20.1	19.6	3.4	10.9	6.3	1.6	26.0	21.7	-0.0	100.0
1974.....	55.5	20.4	20.1	3.4	11.3	6.2	2.8	24.4	23.1	0.4	100.0
1975.....	56.7	21.1	20.7	3.4	12.1	6.0	0.9	22.2	21.8	-0.1	100.0
1976.....	56.9	20.3	20.4	3.1	11.5	6.7	1.4	23.1	22.3	0.1	100.0
1977.....	56.6	20.5	20.1	3.0	11.5	6.5	1.0	24.3	21.9	-0.5	100.0
1978.....	56.0	19.9	19.8	2.8	11.4	6.3	0.6	26.4	22.5	0.0	100.0
1979.....	55.5	19.3	20.7	2.6	12.7	6.0	2.0	26.7	24.1	0.1	100.0
1980.....	55.8	19.5	22.4	2.6	14.4	5.6	0.1	27.0	25.0	-0.0	100.0
1981.....	55.1	19.3	24.2	2.7	15.8	5.8	0.3	27.2	26.1	-0.0	100.0
1982.....	55.4	20.4	22.2	2.9	14.4	5.0	-2.7	27.5	22.9	-0.1	100.0
1983.....	55.6	20.1	21.4	2.7	13.1	5.7	-0.7	28.4	24.2	-0.6	100.0
1984.....	54.5	19.2	20.5	2.6	12.5	5.4	1.0	31.7	26.5	-0.4	100.0
1985.....	55.0	18.9	21.2	2.8	12.7	5.8	0.6	32.3	27.6	-0.4	100.0
1986.....	55.3	18.5	21.6	2.6	12.5	6.4	0.9	32.7	28.6	-0.4	100.0

Source: Statistics Canada, *National Income and Expenditure Accounts* (13-001).

Reference Table 7
Gross Domestic Product at Market Prices, Canada and Provinces
1961 – 1985
(millions of dollars)

Year	Nfld.	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alta.	B.C.	Yukon N W T	Canada ⁽¹⁾
1961.....	513	116	1,073	801	10,607	16,673	1,848	1,604	3,222	4,039	90	40,586
1962.....	545	123	1,135	833	11,573	18,055	2,047	2,061	3,469	4,362	94	44,297
1963.....	601	130	1,186	890	12,298	19,296	2,133	2,423	3,736	4,695	100	47,488
1964.....	668	143	1,278	1,002	13,645	21,238	2,326	2,340	4,018	5,210	108	51,976
1965.....	729	161	1,371	1,096	14,970	23,360	2,493	2,531	4,432	5,844	142	57,129
1966.....	829	178	1,512	1,222	16,642	26,182	2,669	2,964	5,016	6,539	155	63,908
1967.....	877	180	1,644	1,288	18,018	28,426	2,893	2,721	5,380	7,113	171	68,711
1968.....	990	196	1,816	1,399	19,195	31,395	3,200	2,897	5,934	7,789	197	75,008
1969.....	1,081	219	2,059	1,538	21,081	34,717	3,462	3,122	6,556	8,863	227	82,925
1970.....	1,204	241	2,219	1,666	22,485	37,131	3,689	3,042	7,097	9,317	263	88,354
1971.....	1,307	257	2,386	1,823	24,271	40,574	3,937	3,450	7,787	10,349	282	96,423
1972.....	1,369	286	2,735	2,080	27,217	45,719	4,340	3,562	8,867	11,880	346	108,401
1973.....	1,610	368	3,124	2,424	30,928	52,736	5,165	4,514	11,241	14,708	449	127,267
1974.....	1,943	424	3,496	2,836	36,341	61,599	6,123	6,070	15,746	17,437	577	152,592
1975.....	2,229	461	3,894	3,112	40,943	68,165	6,915	6,906	18,598	19,486	595	171,304
1976.....	2,647	571	4,521	3,652	47,695	78,188	7,864	7,860	21,320	22,989	609	197,916
1977.....	2,997	602	4,916	3,962	52,210	84,661	8,304	8,130	24,423	25,649	759	216,613
1978.....	3,223	682	5,569	4,458	58,125	92,408	9,210	9,260	28,969	28,734	861	241,499
1979.....	3,907	786	6,092	5,384	64,936	104,367	10,323	10,468	35,479	33,362	1,028	276,132
1980.....	4,094	846	6,292	5,019	72,220	114,992	11,193	12,404	43,145	38,242	1,233	309,680
1981.....	4,642	1,009	7,345	5,953	81,515	131,831	13,156	14,342	49,937	44,702	1,215	355,647
1982.....	5,035	1,055	8,473	6,519	85,916	137,102	14,015	14,809	52,924	45,874	1,441	373,163
1983.....	5,467	1,169	9,625	7,501	91,480	151,469	14,961	15,245	55,523	48,186	1,583	402,209
1984.....	5,964	1,297	10,714	8,369	100,474	170,771	16,612	16,509	58,320	51,127	1,847	442,004
1985.....	6,236	1,317	11,631	8,823	108,625	184,354	17,993	17,297	61,968	54,103	2,019	474,366

⁽¹⁾ Data for 1982 to 1985 do not include the latest revisions to the Canadian income and expenditure accounts. Data for Canada is the sum of provincial data and do not include federal government activities abroad.

Source: Statistics Canada, *Provincial Economic Accounts* (13-213).

Table 7.1

Change in Gross Domestic Product at Market Prices, Canada and Provinces

1962 – 1985

(per cent)

Year	Nfld.	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alta.	B.C.	Yukon N.W.T.	Canada
1962	6.2	6.0	5.8	4.0	9.1	8.3	10.8	28.5	7.7	8.0	4.4	9.1
1963	10.3	5.7	4.5	6.8	6.3	6.9	4.2	17.6	7.7	7.6	6.4	7.2
1964	11.1	10.0	7.8	12.6	11.0	10.1	9.0	-3.4	7.5	11.0	8.0	9.5
1965	9.1	12.6	7.3	9.4	9.7	10.0	7.2	8.2	10.3	12.2	31.5	9.9
1966	13.7	10.6	10.3	11.5	11.2	12.1	7.1	17.1	13.2	11.9	9.2	11.9
1967	5.8	1.1	8.7	5.4	8.3	8.6	8.4	-8.2	7.3	8.8	10.3	7.5
1968	12.9	8.9	10.5	8.6	6.5	10.4	10.6	6.5	10.3	9.5	15.2	9.2
1969	9.2	11.7	13.4	9.9	9.8	10.6	8.2	7.8	10.5	13.8	15.2	10.6
1970	11.4	10.0	7.8	8.3	6.7	7.0	6.6	-2.6	8.3	5.1	15.9	6.5
1971	8.6	6.6	7.5	9.4	7.9	9.3	6.7	13.4	9.7	11.1	7.2	9.1
1972	4.7	11.3	14.6	14.1	12.1	12.7	10.2	3.2	13.9	14.8	22.7	12.4
1973	17.6	28.7	14.2	16.5	13.6	15.3	19.0	26.7	26.8	23.8	29.8	17.4
1974	20.7	15.2	11.9	17.0	17.5	16.8	18.5	34.5	40.1	18.6	28.5	19.9
1975	14.7	8.7	11.4	9.7	12.7	10.7	12.9	13.8	18.1	11.8	3.1	12.3
1976	18.8	23.9	16.1	17.4	16.5	14.7	13.7	13.8	14.6	18.0	2.4	15.5
1977	13.2	5.4	8.7	8.5	9.5	8.3	5.6	3.4	14.6	11.6	24.6	9.4
1978	7.5	13.3	13.3	12.5	11.3	9.2	10.9	13.9	18.6	12.0	13.4	11.5
1979	21.2	15.2	9.4	20.8	11.7	12.9	12.1	13.0	22.5	16.1	19.4	14.3
1980	4.8	7.6	3.3	-6.8	11.2	10.2	8.4	18.5	21.3	14.6	19.9	12.1
1981	13.4	19.3	16.7	18.6	12.9	14.6	17.5	15.6	15	16.9	-1.5	14.8
1982	8.5	4.6	15.4	9.5	5.4	4.0	6.5	3.3	6.0	2.6	18.6	4.9
1983	8.6	10.8	13.6	15.1	6.5	10.5	6.7	2.9	4.9	5.0	9.9	7.8
1984	9.1	10.9	11.3	11.6	9.8	12.7	11.0	8.3	5.0	6.1	16.7	9.9
1985	4.6	1.5	8.6	5.4	8.1	8.0	8.3	4.8	6.3	5.8	9.3	7.3

Table 7.2

Disparity of Gross Domestic Product at Market Prices, Canada and Provinces

1961–1985

(percentage of Canada)

Year	Nfld.	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alta.	B.C.	Yukon N.W.T.	Canada
1961.....	1.3	0.3	2.6	2.0	26.1	41.1	4.6	4.0	7.9	10.0	0.2	100.0
1962.....	1.2	0.3	2.6	1.9	26.1	40.8	4.6	4.7	7.8	9.8	0.2	100.0
1963.....	1.3	0.3	2.5	1.9	25.9	40.6	4.5	5.1	7.9	9.9	0.2	100.0
1964.....	1.3	0.3	2.5	1.9	26.3	40.9	4.5	4.5	7.7	10.0	0.2	100.0
1965.....	1.3	0.3	2.4	1.9	26.2	40.9	4.4	4.4	7.8	10.2	0.2	100.0
1966.....	1.3	0.3	2.4	1.9	26.0	41.0	4.2	4.6	7.8	10.2	0.2	100.0
1967.....	1.3	0.3	2.4	1.9	26.2	41.4	4.2	4.0	7.8	10.4	0.2	100.0
1968.....	1.3	0.3	2.4	1.9	25.6	41.9	4.3	3.9	7.9	10.4	0.3	100.0
1969.....	1.3	0.3	2.5	1.9	25.4	41.9	4.2	3.8	7.9	10.7	0.3	100.0
1970.....	1.4	0.3	2.5	1.9	25.4	42.0	4.2	3.4	8.0	10.5	0.3	100.0
1971.....	1.4	0.3	2.5	1.9	25.2	42.1	4.1	3.6	8.1	10.7	0.3	100.0
1972.....	1.3	0.3	2.5	1.9	25.1	42.2	4.0	3.3	8.2	11.0	0.3	100.0
1973.....	1.3	0.3	2.5	1.9	24.3	41.4	4.1	3.5	8.8	11.6	0.4	100.0
1974.....	1.3	0.3	2.3	1.9	23.8	40.4	4.0	4.0	10.3	11.4	0.4	100.0
1975.....	1.3	0.3	2.3	1.8	23.9	39.8	4.0	4.0	10.9	11.4	0.3	100.0
1976.....	1.3	0.3	2.3	1.8	24.1	39.5	4.0	4.0	10.8	11.6	0.3	100.0
1977.....	1.4	0.3	2.3	1.8	24.1	39.1	3.8	3.8	11.3	11.8	0.4	100.0
1978.....	1.3	0.3	2.3	1.8	24.1	38.3	3.8	3.8	12.0	11.9	0.4	100.0
1979.....	1.4	0.3	2.2	1.9	23.5	37.8	3.7	3.8	12.8	12.1	0.4	100.0
1980.....	1.3	0.3	2.0	1.6	23.3	37.1	3.6	4.0	13.9	12.3	0.4	100.0
1981.....	1.3	0.3	2.1	1.7	22.9	37.1	3.7	4.0	14.0	12.6	0.3	100.0
1982.....	1.3	0.3	2.3	1.7	23.0	36.7	3.8	4.0	14.2	12.3	0.4	100.0
1983.....	1.4	0.3	2.4	1.9	22.7	37.7	3.7	3.8	13.8	12.0	0.4	100.0
1984.....	1.3	0.3	2.4	1.9	22.7	38.6	3.8	3.7	13.2	11.6	0.4	100.0
1985.....	1.3	0.3	2.5	1.9	22.9	38.9	3.8	3.6	13.1	11.4	0.4	100.0

Reference Table 8
Gross Domestic Product Per Capita, Canada and Provinces
 1961 – 1985
 (dollars)

Year	Nfld.	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alta.	B.C.	Yukon N.W.T.	Canada
1961.....	1,120	1,109	1,456	1,340	2,017	2,674	2,005	1,734	2,419	2,479	2,394	2,225
1962.....	1,165	1,150	1,521	1,377	2,155	2,843	2,187	2,216	2,534	2,628	2,350	2,384
1963.....	1,263	1,204	1,579	1,461	2,244	2,977	2,248	2,597	2,663	2,763	2,439	2,508
1964.....	1,383	1,312	1,693	1,640	2,444	3,203	2,425	2,484	2,810	2,986	2,571	2,694
1965.....	1,494	1,477	1,813	1,782	2,633	3,441	2,583	2,664	3,057	3,252	3,463	2,908
1966.....	1,680	1,641	2,000	1,981	2,879	3,761	2,771	3,102	3,428	3,490	3,596	3,193
1967.....	1,758	1,651	2,163	2,077	3,073	3,988	3,004	2,843	3,611	3,657	3,886	3,372
1968.....	1,957	1,782	2,368	2,238	3,238	4,323	3,296	3,018	3,894	3,889	4,378	3,623
1969.....	2,103	1,973	2,657	2,449	3,522	4,701	3,536	3,259	4,205	4,302	4,830	3,949
1970.....	2,329	2,191	2,838	2,657	3,739	4,917	3,753	3,233	4,450	4,378	5,260	4,149
1971.....	2,503	2,303	3,024	2,873	4,027	5,267	3,984	3,725	4,783	4,737	5,301	4,471
1972.....	2,583	2,540	3,442	3,249	4,496	5,854	4,379	3,897	5,350	5,300	6,092	4,972
1973.....	2,997	3,228	3,884	3,746	5,088	6,668	5,185	4,991	6,653	6,388	7,496	5,774
1974.....	3,588	3,681	4,308	4,339	5,935	7,648	6,077	6,747	9,142	7,340	9,601	6,823
1975.....	4,059	3,937	4,752	4,678	6,626	8,341	6,822	7,611	10,458	8,008	9,520	7,547
1976.....	4,746	4,831	5,456	5,392	7,650	9,461	7,698	8,531	11,600	9,320	9,457	8,608
1977.....	5,354	5,046	5,899	5,792	8,308	10,135	8,083	8,696	12,769	10,262	11,749	9,308
1978.....	5,740	5,636	6,650	6,479	9,223	10,949	8,924	9,815	14,608	11,302	13,026	10,269
1979.....	6,933	6,443	7,237	7,781	10,244	12,277	10,042	11,004	17,283	12,884	15,505	11,628
1980.....	7,238	6,889	7,445	7,217	11,309	13,418	10,921	12,929	20,156	14,344	18,403	12,881
1981.....	8,177	8,237	8,668	8,548	12,661	15,285	12,820	14,812	22,320	16,290	17,634	14,611
1982.....	8,857	8,598	9,948	9,328	13,259	15,730	13,548	15,125	22,827	16,436	20,324	15,150
1983.....	9,491	9,405	11,172	10,599	14,052	17,163	14,274	15,343	23,662	17,084	22,327	16,163
1984.....	10,295	10,302	12,299	11,711	15,351	19,097	15,689	16,396	24,815	17,890	25,617	17,593
1985.....	10,739	10,338	13,220	12,261	16,502	20,339	16,806	16,994	26,280	18,755	27,210	18,705

Note: Gross domestic product per capita is obtained by dividing provincial gross domestic product at market prices by population at June 1st.

Source: Statistics Canada, *Postcensal Annual Estimates of Population for Canada, the Provinces and the territories* at June 1st (91-201); *Provincial Economic Accounts* (13-213).

Table 8.1
Change in Gross Domestic Product Per Capita, Canada and Provinces
 1962 – 1985
 (per cent)

Year	Nfld.	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alta.	B.C.	Yukon N.W.T.	Canada
1962.....	3.9	3.7	4.5	2.8	6.8	6.3	9.1	27.8	4.8	6.0	-1.8	7.1
1963.....	8.4	4.7	3.8	6.1	4.1	4.7	2.8	17.2	5.1	5.2	3.8	5.2
1964.....	9.5	9.0	7.2	12.2	8.9	7.6	7.9	-4.3	5.5	8.0	5.4	7.4
1965.....	8.0	12.6	7.1	8.7	7.8	7.4	6.5	7.3	8.8	8.9	34.7	7.9
1966.....	12.5	11.1	10.3	11.2	9.3	9.3	7.3	16.4	12.2	7.3	3.8	9.8
1967.....	4.6	0.7	8.2	4.9	6.7	6.0	8.4	-8.4	5.3	4.8	8.1	5.6
1968.....	11.3	7.9	9.5	7.7	5.4	8.4	9.7	6.1	7.8	6.3	12.6	7.5
1969.....	7.5	10.7	12.2	9.4	8.8	8.7	7.3	8.0	8.0	10.6	10.3	9.0
1970.....	10.7	11.0	6.8	8.5	6.2	4.6	6.1	-0.8	5.8	1.8	8.9	5.1
1971.....	7.5	5.1	6.6	8.1	7.7	7.1	6.2	15.2	7.5	8.2	0.8	7.8
1972.....	3.2	10.3	13.8	13.1	11.7	11.1	9.9	4.6	11.8	11.9	14.9	11.2
1973.....	16.0	27.1	12.8	15.3	13.2	13.9	18.4	28.1	24.4	20.5	23.1	16.1
1974.....	19.7	14.0	10.9	15.8	16.7	14.7	17.2	35.2	37.4	14.9	28.1	18.2
1975.....	13.1	7.0	10.3	7.8	11.6	9.1	12.3	12.8	14.4	9.1	-0.8	10.6
1976.....	16.9	22.7	14.8	15.3	15.5	13.4	12.8	12.1	10.9	16.4	-0.7	14.1
1977.....	12.8	4.5	8.1	7.4	8.6	7.1	5.0	1.9	10.1	10.1	24.2	8.1
1978.....	7.2	11.7	12.7	11.9	11.0	8.0	10.4	12.9	14.4	10.1	10.9	10.3
1979.....	20.8	14.3	8.8	20.1	11.1	12.1	12.5	12.1	18.3	14.0	19.0	13.2
1980.....	4.4	6.9	2.9	-7.2	10.4	9.3	8.8	17.5	16.6	11.3	18.7	10.8
1981.....	13.0	19.6	16.4	18.4	12.0	13.9	17.4	14.6	10.7	13.6	-4.2	13.4
1982.....	8.3	4.4	14.8	9.1	4.7	2.9	5.7	2.1	2.3	0.9	15.3	3.7
1983.....	7.2	9.4	12.3	13.6	6.0	9.1	5.4	1.4	3.7	3.9	9.9	6.7
1984.....	8.5	9.5	10.1	10.5	9.2	11.3	9.9	6.9	4.9	4.7	14.7	8.8
1985.....	4.3	0.3	7.5	4.7	7.5	6.5	7.1	3.7	5.9	4.8	6.2	6.3

Table 8.2
Disparity of Gross Domestic Product Per Capita by Province
 1961 – 1985
 (percentage of Canada)

Year	Nfld.	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alta.	B.C.	Yukon N.W.T.	Canada
1961.....	50.3	49.8	65.4	60.2	90.6	120.1	90.1	77.9	108.7	111.4	107.6	100.0
1962.....	48.9	48.2	63.8	57.8	90.4	119.3	91.7	93.0	106.3	110.2	98.6	100.0
1963.....	50.3	48.0	63.0	58.3	89.4	118.7	89.6	103.5	106.2	110.2	97.2	100.0
1964.....	51.3	48.7	62.8	60.9	90.7	118.9	90.0	92.2	104.3	110.8	95.4	100.0
1965.....	51.4	50.8	62.4	61.3	90.5	118.3	88.8	91.6	105.1	111.8	119.1	100.0
1966.....	52.6	51.4	62.6	62.0	90.2	117.8	86.8	97.2	107.4	109.3	112.6	100.0
1967.....	52.1	49.0	64.2	61.6	91.1	118.3	89.1	84.3	107.1	108.5	115.3	100.0
1968.....	54.0	49.2	65.3	61.8	89.4	119.3	91.0	83.3	107.5	107.3	120.8	100.0
1969.....	53.3	50.0	67.3	62.0	89.2	119.1	89.6	82.5	106.5	109.0	122.3	100.0
1970.....	56.1	52.8	68.4	64.0	90.1	118.5	90.5	77.9	107.3	105.5	126.8	100.0
1971.....	56.0	51.5	67.6	64.3	90.1	117.8	89.1	83.3	107.0	106.0	118.6	100.0
1972.....	51.9	51.1	69.2	65.4	90.4	117.7	88.1	78.4	107.6	106.6	122.5	100.0
1973.....	51.9	55.9	67.3	64.9	88.1	115.5	89.8	86.4	115.2	110.6	129.8	100.0
1974.....	52.6	53.9	63.1	63.6	87.0	112.1	89.1	98.9	134.0	107.6	140.7	100.0
1975.....	53.8	52.2	63.0	62.0	87.8	110.5	90.4	100.8	138.6	106.1	126.1	100.0
1976.....	55.1	56.1	63.4	62.6	88.9	109.9	89.4	99.1	134.8	108.3	109.9	100.0
1977.....	57.5	54.2	63.4	62.2	89.3	108.9	86.8	93.4	137.2	110.3	126.2	100.0
1978.....	55.9	54.9	64.8	63.1	89.8	106.6	86.9	95.6	142.3	110.1	126.8	100.0
1979.....	59.6	55.4	62.2	66.9	88.1	105.6	86.4	94.6	148.6	110.8	133.3	100.0
1980.....	56.2	53.5	57.8	56.0	87.8	104.2	84.8	100.4	156.5	111.4	142.9	100.0
1981.....	56.0	56.4	59.3	58.5	86.7	104.6	87.7	101.4	152.8	111.5	120.7	100.0
1982.....	58.5	56.8	65.7	61.6	87.5	103.8	89.4	99.8	150.7	108.5	134.2	100.0
1983.....	58.7	58.2	69.1	65.6	86.9	106.2	88.3	94.9	146.4	105.7	138.1	100.0
1984.....	58.5	58.6	69.9	66.6	87.3	108.5	89.2	93.2	141.1	101.7	145.6	100.0
1985.....	57.4	55.3	70.7	65.5	88.2	108.7	89.8	90.9	140.5	100.3	145.5	100.0

Reference Table 9
Gross Domestic Product, Income Based
 1947 – 1986
 (millions of dollars)

Year	Wages, salaries and supple- mentary labour income ⁽¹⁾	Corpo- ration profits before taxes	Interest and mischel- laneous invest- ment income	Accrued net income of farm oper- ators from farm produc- tion	Net income of non- farm unincor- porated busi- ness includ- ing rent	Inven- tory valu- ation adjust- ment	Net domestic income at factor cost	Indirect taxes less subsidies	Capital consump- tion allow- ances	Stat- istical discre- pancy	Gross domestic product at market prices
1947.....	6,754	1,891	224	1,100	1,596	-571	10,994	1,678	1,236	32	13,940
1948.....	7,849	2,069	266	1,360	1,713	-506	12,751	1,832	1,459	-73	15,969
1949.....	8,477	2,037	292	1,211	1,887	-112	13,792	1,878	1,657	20	17,347
1950.....	9,152	2,614	403	1,301	2,008	-374	15,104	2,065	1,889	67	19,125
1951.....	10,770	3,170	449	1,868	2,129	-643	17,743	2,548	2,108	-119	22,280
1952.....	12,073	3,070	502	1,878	2,321	114	19,958	2,799	2,347	66	25,170
1953.....	13,062	2,977	564	1,462	2,515	2	20,582	2,994	2,648	171	26,395
1954.....	13,451	2,764	619	918	2,637	87	20,476	3,042	2,947	66	26,531
1955.....	14,369	3,480	758	1,120	2,909	-182	22,454	3,321	3,366	109	29,250
1956.....	16,171	3,932	876	1,283	3,006	-245	25,023	3,731	3,838	310	32,902
1957.....	17,519	3,598	991	908	3,156	-59	26,113	3,975	4,184	195	34,467
1958.....	17,982	3,695	1,076	1,116	3,343	-41	27,171	4,036	4,155	327	35,689
1959.....	19,149	4,023	1,087	1,008	3,440	-108	28,599	4,401	4,478	399	37,877
1960.....	20,141	3,946	1,174	1,026	3,458	-26	29,719	4,587	4,769	373	39,448
1961.....	21,192	4,120	1,277	840	3,565	-31	30,963	4,767	4,919	237	40,886
1962.....	22,792	4,580	1,414	1,379	3,633	-91	33,707	5,369	5,297	35	44,408
1963.....	24,326	5,115	1,550	1,556	3,886	-156	36,277	5,628	5,658	115	47,678
1964.....	26,585	5,911	1,783	1,328	4,060	-120	39,547	6,357	6,148	139	52,191
1965.....	29,633	6,466	1,866	1,449	4,240	-303	43,351	7,181	6,684	307	57,523
1966.....	33,579	6,976	2,010	1,999	4,447	-298	48,713	7,918	7,369	388	64,388
1967.....	37,150	7,158	2,302	1,272	4,676	-354	52,204	8,729	7,881	250	69,064
1968.....	40,385	8,040	2,626	1,367	5,137	-387	57,168	9,520	8,412	318	75,418
1969.....	45,161	8,504	3,186	1,503	5,501	-539	63,316	10,544	9,153	13	83,026
1970.....	48,952	7,942	3,634	1,341	5,680	-160	67,389	11,095	9,948	684	89,116
1971.....	53,758	8,955	4,050	1,493	6,084	-659	73,681	12,053	10,764	792	97,290
1972.....	60,341	11,115	4,654	1,482	6,474	-945	83,121	13,627	11,734	147	108,629
1973.....	69,521	15,697	5,623	2,975	7,062	-2,459	98,419	15,311	13,628	14	127,372
1974.....	82,867	20,472	8,227	3,732	7,397	-4,308	118,387	17,867	16,447	-590	152,111
1975.....	96,623	20,003	9,617	3,887	8,193	-2,728	135,595	17,087	18,760	98	171,540
1976.....	111,884	20,924	12,475	3,378	9,105	-2,147	155,619	20,992	21,454	-141	197,924
1977.....	124,021	22,045	14,791	2,646	9,942	-3,661	169,784	23,188	23,798	1,109	217,879
1978.....	134,933	26,891	18,949	3,281	11,139	-4,968	190,225	24,819	26,619	-59	241,604
1979.....	151,736	35,984	23,315	3,676	11,885	-7,679	218,917	26,635	30,743	-199	276,096
1980.....	171,424	39,795	26,566	3,690	12,908	-7,336	247,047	27,272	35,527	45	309,891
1981.....	197,910	37,654	32,487	3,753	14,100	-7,217	278,687	36,457	40,677	173	355,994
1982.....	211,604	26,848	35,337	3,455	16,860	-3,276	290,828	38,908	44,356	350	374,442
1983.....	221,800	37,072	36,433	2,568	21,061	-2,659	316,275	40,135	47,060	2,247	405,717
1984.....	238,797	45,905	40,590	3,350	24,599	-2,942	350,299	43,023	50,674	1,608	445,604
1985.....	257,493	47,673	40,357	3,931	28,493	-2,260	375,687	47,456	54,182	2,121	479,446
1986.....	273,978	45,384	40,784	5,127	32,351	-1,124	396,500	53,923	57,634	1,841	509,898

(1) Includes military pay and allowances.

Source: Statistics Canada, *National Income and Expenditure Accounts* (13-001).

Table 9.1
Change in Gross Domestic Product, Income Based
 1948 – 1986
 (per cent)

Year	Wages, salaries and supple- mentary labour income	Corpo- ration profits before taxes	Interest and mis- cel- laneous invest- ment income	Accrued net income of farm oper- ators from farm produc- tion	Net income of non- farm unincor- porated busi- ness includ- ing rent	Net domestic income at factor cost	Indirect taxes less subsidies	Capital consuming allow- ances	Gross domestic product at market prices
1948	16.2	9.4	18.8	23.6	7.3	16.0	9.2	18.0	14.6
1949	8.0	-1.5	9.8	-11.0	10.2	8.2	2.5	13.6	8.6
1950	8.0	28.3	38.0	7.4	6.4	9.5	10.0	14.0	10.2
1951	17.7	21.3	11.4	43.6	6.0	17.5	23.4	11.6	16.5
1952	12.1	-3.2	11.8	0.5	9.0	12.5	9.9	11.3	13.0
1953	8.2	-3.0	12.4	-22.2	8.4	3.1	7.0	12.8	4.9
1954	3.0	-7.2	9.8	-37.2	4.9	-0.5	1.6	11.3	0.5
1955	6.8	25.9	22.5	22.0	10.3	9.7	9.2	14.2	10.2
1956	12.5	13.0	15.6	14.6	3.3	11.4	12.3	14.0	12.5
1957	8.3	-8.5	13.1	-29.2	5.0	4.4	6.5	9.0	4.8
1958	2.6	2.7	8.6	22.9	5.9	4.1	1.5	-0.7	3.5
1959	6.5	8.9	1.0	-9.7	2.9	5.3	9.0	7.8	6.1
1960	5.2	-1.9	8.0	1.8	0.5	3.9	4.2	6.5	4.1
1961	5.2	4.4	8.8	-18.1	3.1	4.2	3.9	3.1	3.6
1962	7.6	11.2	10.7	64.2	1.9	8.9	12.6	7.7	8.6
1963	6.7	11.7	9.6	12.8	7.0	7.6	4.8	6.8	7.4
1964	9.3	15.6	15.0	-14.7	4.5	9.0	13.0	8.7	9.5
1965	11.5	9.4	4.7	9.1	4.4	9.6	13.0	8.7	10.2
1966	13.3	7.9	7.7	38.0	4.9	12.4	10.3	10.2	11.9
1967	10.6	2.6	14.5	-36.4	5.1	7.2	10.2	6.9	7.3
1968	8.7	12.3	14.1	7.5	9.9	9.5	9.1	6.7	9.2
1969	11.8	5.8	21.3	9.9	7.1	10.8	10.8	8.8	10.1
1970	8.4	-6.6	14.1	-10.8	3.3	6.4	5.2	8.7	7.3
1971	9.8	12.8	11.4	11.3	7.1	9.3	8.6	8.2	9.2
1972	12.2	24.1	14.9	-0.7	6.4	12.8	13.1	9.0	11.7
1973	15.2	41.2	20.8	100.7	9.1	18.4	12.4	16.1	17.3
1974	19.2	30.4	46.3	25.4	4.7	20.3	16.7	20.7	19.4
1975	16.6	-2.3	16.9	4.2	10.8	14.5	-4.4	14.1	12.8
1976	15.8	4.6	29.7	-13.1	11.1	14.8	22.9	14.4	15.4
1977	10.8	5.4	18.6	-21.7	9.2	9.1	10.5	10.9	10.1
1978	8.8	22.0	28.1	24.0	12.0	12.0	7.0	11.9	10.9
1979	12.5	33.8	23.0	12.0	6.7	15.1	7.3	15.5	14.3
1980	13.0	10.6	13.9	0.4	8.6	12.8	2.4	15.6	12.2
1981	15.5	-5.4	22.3	1.7	9.2	12.8	33.7	14.5	14.9
1982	6.9	-28.7	8.8	-7.9	19.6	4.4	6.7	9.0	5.2
1983	4.8	38.1	3.1	-25.7	24.9	8.7	3.2	6.1	8.4
1984	7.7	23.8	11.4	30.5	16.8	10.8	7.2	7.7	9.8
1985	7.8	3.9	-0.6	17.3	15.8	7.2	10.3	6.9	7.6
1986	6.4	-4.8	1.1	30.4	13.5	5.5	13.6	6.4	6.4

Reference Table 10

**Reconciliation of Gross Domestic Product at Market Prices,
Gross National Product at Market Prices and Net National Income at Factor Cost**

1947 – 1986

(millions of current dollars)

Year	Gross domestic product at market prices	Add: investment income received from non-residents	Deduct: investment income paid to non-residents	Gross national product at market prices	Deduct: indirect taxes less subsidies	Deduct: capital consumption allowances	Deduct: statistical discrepancy	Net national income at factor cost
1947.....	13,940	75	397	13,618	1,678	1,236	32	10,672
1948.....	15,969	86	394	15,661	1,832	1,459	-73	12,443
1949.....	17,347	111	466	16,992	1,878	1,657	20	13,437
1950.....	19,125	130	555	18,700	2,065	1,889	67	14,679
1951.....	22,280	144	535	21,889	2,548	2,108	-119	17,352
1952.....	25,170	183	507	24,846	2,799	2,347	66	19,634
1953.....	26,395	194	495	26,094	2,994	2,648	171	20,281
1954.....	26,531	181	520	26,192	3,042	2,947	66	20,137
1955.....	29,250	201	586	28,865	3,321	3,366	109	22,069
1956.....	32,902	196	657	32,441	3,731	3,838	310	24,562
1957.....	34,467	208	771	33,904	3,975	4,184	195	25,550
1958.....	35,689	238	763	35,164	4,036	4,155	327	26,646
1959.....	37,877	251	860	37,268	4,401	4,478	399	27,990
1960.....	39,448	254	870	38,832	4,587	4,769	373	29,103
1961.....	40,886	300	1,022	40,164	4,767	4,919	237	30,241
1962.....	44,408	297	1,068	43,637	5,369	5,297	35	32,936
1963.....	47,678	314	1,162	46,830	5,628	5,658	115	35,429
1964.....	52,191	443	1,351	51,283	6,357	6,148	139	38,639
1965.....	57,523	493	1,485	56,531	7,181	6,684	307	42,359
1966.....	64,388	514	1,634	63,268	7,918	7,369	388	47,593
1967.....	69,064	493	1,733	67,824	8,729	7,881	250	50,964
1968.....	75,418	620	1,841	74,197	9,520	8,412	318	55,947
1969.....	83,026	892	2,099	81,819	10,544	9,153	13	62,109
1970.....	89,116	1,046	2,397	87,765	11,095	9,948	684	66,038
1971.....	97,290	992	2,498	95,784	12,053	10,764	792	72,175
1972.....	108,629	1,024	2,485	107,168	13,627	11,734	147	81,660
1973.....	127,372	1,235	2,965	125,642	15,311	13,628	14	96,689
1974.....	152,111	1,444	3,682	149,873	17,867	16,447	-590	116,149
1975.....	171,540	1,733	4,271	169,002	17,087	18,760	98	133,057
1976.....	197,924	1,679	5,215	194,388	20,992	21,454	-141	152,083
1977.....	217,879	1,806	6,377	213,308	23,188	23,798	1,109	165,213
1978.....	241,604	2,353	8,303	235,654	24,819	26,619	-59	184,275
1979.....	276,096	2,648	9,803	268,941	26,635	30,743	-199	211,762
1980.....	309,891	3,639	11,466	302,064	27,272	35,527	45	239,220
1981.....	355,994	3,993	15,330	344,657	36,457	40,677	173	267,350
1982.....	374,442	5,479	18,149	361,772	38,908	44,356	350	278,158
1983.....	405,717	5,594	17,197	394,114	40,135	47,060	2,247	304,672
1984.....	445,604	6,363	19,875	432,092	43,023	50,674	1,608	336,787
1985.....	479,446	7,649	21,983	465,112	47,456	54,182	2,121	361,353
1986.....	509,898	7,194	24,080	493,012	53,923	57,634	1,841	379,614

Source: Statistics Canada, *National Income and Expenditure Accounts* (13-001).

Table 10.1

**Change in Components of Reconciliation of Gross Domestic Product at Market Prices,
Gross National Product at Market Prices and Net National Income at Factor Cost**

1948 – 1986

(per cent)

Year	Gross domestic product at market prices	Investment income received from non-residents	Investment income paid to non-residents	Gross national product at market prices	Indirect taxes less subsidies	Capital consumption allowances	Net national income at factor cost
1948	14.6	14.7	-0.8	15.0	9.2	18.0	16.6
1949	8.6	29.1	18.3	8.5	2.5	13.6	8.0
1950	10.2	17.1	19.1	10.1	10.0	14.0	9.2
1951	16.5	10.8	-3.6	17.1	23.4	11.6	18.2
1952	13.0	27.1	-5.2	13.5	9.9	11.3	13.2
1953	4.9	6.0	-2.4	5.0	7.0	12.8	3.3
1954	0.5	-6.7	5.1	0.4	1.6	11.3	-0.7
1955	10.2	11.0	12.7	10.2	9.2	14.2	9.6
1956	12.5	-2.5	12.1	12.4	12.3	14.0	11.3
1957	4.8	6.1	17.4	4.5	6.5	9.0	4.0
1958	3.5	14.4	-1.0	3.7	1.5	-0.7	4.3
1959	6.1	5.5	12.7	6.0	9.0	7.8	5.0
1960	4.1	1.2	1.2	4.2	4.2	6.5	4.0
1961	3.6	18.1	17.5	3.4	3.9	3.1	3.9
1962	8.6	-1.0	4.5	8.6	12.6	7.7	8.9
1963	7.4	5.7	8.8	7.3	4.8	6.8	7.6
1964	9.5	41.1	16.3	9.5	13.0	8.7	9.1
1965	10.2	11.3	9.9	10.2	13.0	8.7	9.6
1966	11.9	4.3	10.0	11.9	10.3	10.2	12.4
1967	7.3	-4.1	6.1	7.2	10.2	6.9	7.1
1968	9.2	25.8	6.2	9.4	9.1	6.7	9.8
1969	10.1	43.9	14.0	10.3	10.8	8.8	11.0
1970	7.3	17.3	14.2	7.3	5.2	8.7	6.3
1971	9.2	-5.2	4.2	9.1	8.6	8.2	9.3
1972	11.7	3.2	-0.5	11.9	13.1	9.0	13.1
1973	17.3	20.6	19.3	17.2	12.4	16.1	18.4
1974	19.4	16.9	24.2	19.3	16.7	20.7	20.1
1975	12.8	20.0	16.0	12.8	-4.4	14.1	14.6
1976	15.4	-3.1	22.1	15.0	22.9	14.4	14.3
1977	10.1	7.6	22.3	9.7	10.5	10.9	8.6
1978	10.9	30.3	30.2	10.5	7.0	11.9	11.5
1979	14.3	12.5	18.1	14.1	7.3	15.5	14.9
1980	12.2	37.4	17.0	12.3	2.4	15.6	13.0
1981	14.9	9.7	33.7	14.1	33.7	14.5	11.8
1982	5.2	37.2	18.4	5.0	6.7	9.0	4.0
1983	8.4	2.1	-5.2	8.9	3.2	6.1	9.5
1984	9.8	13.7	15.6	9.6	7.2	7.7	10.5
1985	7.6	20.2	10.6	7.6	10.3	6.9	7.3
1986	6.4	-5.9	9.5	6.0	13.6	6.4	5.1

Reference Table 11
Structural Changes in Income
(Distribution of Gross Domestic Product, by Income Components)
1947 – 1986
(per cent)

Year	Wages, salaries and supple- mentary labour income ⁽¹⁾	Corpo- ration profits before taxes	Interest and miscel- laneous invest- ment income	Accrued net income of farm oper- ators from farm produc- tion	Net income of non- farm unincor- porated busi- ness includ- ing rents	Inven- tory valu- ation adjust- ment	Net domestic income at factor cost	Indirect taxes less subsidies	Capital consump- tion allow- ances	Stat- istical discre- pancy	Gross domestic product at market prices
1947	48.5	13.6	1.6	7.9	11.4	-4.1	78.9	12.0	8.9	0.2	100.0
1948	49.2	13.0	1.7	8.5	10.7	-3.2	79.8	11.5	9.1	-0.5	100.0
1949	48.9	11.7	1.7	7.0	10.9	-0.6	79.5	10.8	9.6	0.1	100.0
1950	47.9	13.7	2.1	6.8	10.5	-2.0	79.0	10.8	9.9	0.4	100.0
1951	48.3	14.2	2.0	8.4	9.6	-2.9	79.6	11.4	9.5	-0.5	100.0
1952	48.0	12.2	2.0	7.5	9.2	0.5	79.3	11.1	9.3	0.3	100.0
1953	49.5	11.3	2.1	5.5	9.5	0.0	78.0	11.3	10.0	0.6	100.0
1954	50.7	10.4	2.3	3.5	9.9	0.3	77.2	11.5	11.1	0.2	100.0
1955	49.1	11.9	2.6	3.8	9.9	-0.6	76.8	11.4	11.5	0.4	100.0
1956	49.1	12.0	2.7	3.9	9.1	-0.7	76.1	11.3	11.7	0.9	100.0
1957	50.8	10.4	2.9	2.6	9.2	-0.2	75.8	11.5	12.1	0.6	100.0
1958	50.4	10.4	3.0	3.1	9.4	-0.1	76.1	11.3	11.6	0.9	100.0
1959	50.6	10.6	2.9	2.7	9.1	-0.3	75.5	11.6	11.8	1.1	100.0
1960	51.1	10.0	3.0	2.6	8.8	-0.1	75.3	11.6	12.1	0.9	100.0
1961	51.8	10.1	3.1	2.1	8.7	-0.1	75.7	11.7	12.0	0.6	100.0
1962	51.3	10.3	3.2	3.1	8.2	-0.2	75.9	12.1	11.9	0.1	100.0
1963	51.0	10.7	3.3	3.3	8.2	-0.3	76.1	11.8	11.9	0.2	100.0
1964	50.9	11.3	3.4	2.5	7.8	-0.2	75.8	12.2	11.8	0.3	100.0
1965	51.5	11.2	3.2	2.5	7.4	-0.5	75.4	12.5	11.6	0.5	100.0
1966	52.2	10.8	3.1	3.1	6.9	-0.5	75.7	12.3	11.4	0.6	100.0
1967	53.8	10.4	3.3	1.8	6.8	-0.5	75.6	12.6	11.4	0.4	100.0
1968	53.5	10.7	3.5	1.8	6.8	-0.5	75.8	12.6	11.2	0.4	100.0
1969	54.4	10.2	3.8	1.8	6.6	-0.6	76.3	12.7	11.0	0.0	100.0
1970	54.9	8.9	4.1	1.5	6.4	-0.2	75.6	12.5	11.2	0.8	100.0
1971	55.3	9.2	4.2	1.5	6.3	-0.7	75.7	12.4	11.1	0.8	100.0
1972	55.5	10.2	4.3	1.4	6.0	-0.9	76.5	12.5	10.8	0.1	100.0
1973	54.6	12.3	4.4	2.3	5.5	-1.9	77.3	12.0	10.7	0.0	100.0
1974	54.5	13.5	5.4	2.5	4.9	-2.8	77.8	11.7	10.8	-0.4	100.0
1975	56.3	11.7	5.6	2.3	4.8	-1.6	79.0	10.0	10.9	0.1	100.0
1976	56.5	10.6	6.3	1.7	4.6	-1.1	78.6	10.6	10.8	-0.1	100.0
1977	56.9	10.1	6.8	1.2	4.6	-1.7	77.9	10.6	10.9	0.5	100.0
1978	55.8	11.1	7.8	1.4	4.6	-2.1	78.7	10.3	11.0	-0.0	100.0
1979	55.0	13.0	8.4	1.3	4.3	-2.8	79.3	9.6	11.1	-0.1	100.0
1980	55.3	12.8	8.6	1.2	4.2	-2.4	79.7	8.8	11.5	0.0	100.0
1981	55.6	10.6	9.1	1.1	4.0	-2.0	78.3	10.2	11.4	0.0	100.0
1982	56.5	7.2	9.4	0.9	4.5	-0.9	77.7	10.4	11.8	0.1	100.0
1983	54.7	9.1	9.0	0.6	5.2	-0.7	78.0	9.9	11.6	0.6	100.0
1984	53.6	10.3	9.1	0.8	5.5	-0.7	78.6	9.7	11.4	0.4	100.0
1985	53.7	9.9	8.4	0.8	5.9	-0.5	78.4	9.9	11.3	0.4	100.0
1986	53.7	8.9	8.0	1.0	6.3	-0.2	77.8	10.6	11.3	0.4	100.0

⁽¹⁾ Include military pay and allowances.

Source: Statistics Canada, *National Income and Expenditure Accounts* (13-001).

Reference Table 12
Structural Changes in Net Domestic Income
(Distribution of Net Domestic Income, by Components)
1947 – 1986
(per cent)

Year	Wages, salaries and supple- mentary labour income ⁽¹⁾	Corpo- ration profits before taxes	Interest and mis- cel- laneous invest- ment income	Accrued net income of farm oper- tors from farm produ- ction	Net income of non- farm unincor- porated busi- ness includ- ing rent	Inven- tory valu- ation adjust- ment	Net domestic income at factor cost
1947.....	61.4	17.2	2.0	10.0	14.5	-5.2	100.0
1948.....	61.6	16.2	2.1	10.7	13.4	-4.0	100.0
1949.....	61.5	14.8	2.1	8.8	13.7	-0.8	100.0
1950.....	60.6	17.3	2.7	8.6	13.3	-2.5	100.0
1951.....	60.7	17.9	2.5	10.5	12.0	-3.6	100.0
1952.....	60.5	15.4	2.5	9.4	11.6	0.6	100.0
1953.....	63.5	14.5	2.7	7.1	12.2	0.0	100.0
1954.....	65.7	13.5	3.0	4.5	12.9	0.4	100.0
1955.....	64.0	15.5	3.4	5.0	13.0	-0.8	100.0
1956.....	64.6	15.7	3.5	5.1	12.0	-1.0	100.0
1957.....	67.1	13.8	3.8	3.5	12.1	-0.2	100.0
1958.....	66.2	13.6	4.0	4.1	12.3	-0.2	100.0
1959.....	67.0	14.1	3.8	3.5	12.0	-0.4	100.0
1960.....	67.8	13.3	4.0	3.5	11.6	-0.1	100.0
1961.....	68.4	13.3	4.1	2.7	11.5	-0.1	100.0
1962.....	67.6	13.6	4.2	4.1	10.8	-0.3	100.0
1963.....	67.1	14.1	4.3	4.3	10.7	-0.4	100.0
1964.....	67.2	14.9	4.5	3.4	10.3	-0.3	100.0
1965.....	68.4	14.9	4.3	3.3	9.8	-0.7	100.0
1966.....	68.9	14.3	4.1	4.1	9.1	-0.6	100.0
1967.....	71.2	13.7	4.4	2.4	9.0	-0.7	100.0
1968.....	70.6	14.1	4.6	2.4	9.0	-0.7	100.0
1969.....	71.3	13.4	5.0	2.4	8.7	-0.9	100.0
1970.....	72.6	11.8	5.4	2.0	8.4	-0.2	100.0
1971.....	73.0	12.2	5.5	2.0	8.3	-0.9	100.0
1972.....	72.6	13.4	5.6	1.8	7.8	-1.1	100.0
1973.....	70.6	15.9	5.7	3.0	7.2	-2.5	100.0
1974.....	70.0	17.3	6.9	3.2	6.2	-3.6	100.0
1975.....	71.3	14.8	7.1	2.9	6.0	-2.0	100.0
1976.....	71.9	13.4	8.0	2.2	5.9	-1.4	100.0
1977.....	73.0	13.0	8.7	1.6	5.9	-2.2	100.0
1978.....	70.9	14.1	10.0	1.7	5.9	-2.6	100.0
1979.....	69.3	16.4	10.7	1.7	5.4	-3.5	100.0
1980.....	69.4	16.1	10.8	1.5	5.2	-3.0	100.0
1981.....	71.0	13.5	11.7	1.3	5.1	-2.6	100.0
1982.....	72.8	9.2	12.2	1.2	5.8	-1.1	100.0
1983.....	70.1	11.7	11.5	0.8	6.7	-0.8	100.0
1984.....	68.2	13.1	11.6	1.0	7.0	-0.8	100.0
1985.....	68.5	12.7	10.7	1.0	7.6	-0.6	100.0
1986.....	69.1	11.4	10.3	1.3	8.2	-0.3	100.0

(1) Includes military pay and allowances.

Source: Statistics Canada, *National Income and Expenditure Accounts* (13-001).

Reference Table 13
Sources and Disposition of Personal Income
 1947 – 1986
 (millions of dollars)

Year	Sources of Personal Income						Disposition of Personal Income						
	Labour income ⁽¹⁾	Net farm income	Net non-farm unincorporated business income	Interest dividends and other investment income	Government transfer payments to persons ⁽²⁾	Transfers from corporations and non-residents	Transfers to governments		Transfers to corporations and non-residents		Personal savings	Personal disposable income	
							Personal income	Income taxes	Other transfers from persons	Consumer expenditure			
1947.....	6,754	1,066	1,596	722	834	44	11,016	695	267	9,427	58	569	10,054
1948.....	7,849	1,460	1,713	772	857	50	12,701	717	316	10,423	51	1,194	11,668
1949.....	8,477	1,321	1,887	828	944	53	13,510	677	336	11,463	53	981	12,497
1950.....	9,152	1,165	2,008	983	1,025	55	14,388	612	365	12,576	65	770	13,411
1951.....	10,770	1,873	2,129	1,085	1,026	61	16,944	890	466	13,973	82	1,533	15,588
1952.....	12,073	1,833	2,321	1,118	1,347	78	18,770	1,177	493	15,282	95	1,723	17,100
1953.....	13,062	1,495	2,515	1,111	1,452	83	19,718	1,287	545	16,296	114	1,476	17,886
1954.....	13,451	936	2,637	1,133	1,628	83	19,868	1,296	553	17,078	130	811	18,019
1955.....	14,369	1,070	2,909	1,275	1,723	92	21,438	1,297	637	18,543	146	815	19,504
1956.....	16,171	1,255	3,006	1,427	1,760	104	23,723	1,496	728	20,273	166	1,060	21,499
1957.....	17,519	917	3,156	1,605	2,072	108	25,377	1,693	763	21,699	175	1,047	22,921
1958.....	17,982	1,122	3,343	1,694	2,619	120	26,880	1,554	784	23,064	190	1,288	24,542
1959.....	19,149	1,020	3,440	1,886	2,732	134	28,361	1,744	924	24,643	206	844	25,693
1960.....	20,141	1,023	3,458	2,029	3,099	133	29,883	1,979	1,049	25,780	221	854	26,855
1961.....	21,192	813	3,565	2,113	2,732	148	30,563	2,125	1,066	26,240	241	891	27,372
1962.....	22,792	1,375	3,633	2,401	2,934	153	33,288	2,316	1,120	27,985	247	1,620	29,852
1963.....	24,326	1,421	3,886	2,625	3,007	168	35,433	2,487	1,168	29,846	257	1,675	31,778
1964.....	26,585	1,212	4,060	2,900	3,220	185	38,162	2,957	1,269	32,042	275	1,619	33,936
1965.....	29,633	1,489	4,240	3,092	3,452	212	42,118	3,355	1,446	34,714	322	2,281	37,317
1966.....	33,579	1,843	4,447	3,426	3,781	221	47,297	3,903	2,282	37,952	352	2,808	41,112
1967.....	37,150	1,367	4,676	3,760	4,683	241	51,877	4,904	2,541	41,068	413	2,951	44,432
1968.....	40,385	1,627	5,137	4,124	5,465	250	56,988	5,922	2,922	44,842	494	2,808	48,144
1969.....	45,161	1,493	5,501	4,662	6,123	246	63,186	7,464	3,417	49,093	651	2,561	52,305
1970.....	48,952	1,243	5,680	5,081	6,991	275	68,222	8,811	3,795	51,853	714	3,049	55,616
1971.....	53,758	1,433	6,084	5,369	8,294	339	75,277	10,143	3,987	56,271	734	4,142	61,147
1972.....	60,341	1,599	6,474	6,761	9,981	347	85,503	11,385	4,262	63,021	840	5,995	69,856
1973.....	69,521	3,098	7,062	8,466	11,272	419	99,838	13,285	4,806	72,069	1,049	8,629	81,747
1974.....	82,867	3,368	7,397	10,737	13,929	470	118,768	16,155	6,209	84,231	1,423	10,750	96,404
1975.....	96,623	4,016	8,193	11,956	17,259	531	138,578	18,019	7,238	97,566	1,609	14,146	113,321
1976.....	111,884	3,155	9,105	13,707	19,656	620	158,127	21,047	8,841	111,500	1,839	14,900	128,239
1977.....	124,021	2,607	9,942	15,249	22,356	663	174,838	23,656	9,808	123,555	1,962	15,857	141,374
1978.....	134,933	3,241	11,139	19,895	25,185	770	195,163	24,670	11,027	137,427	2,212	19,827	159,466
1979.....	151,736	3,522	11,885	24,716	26,697	911	219,467	27,729	11,886	153,390	3,202	23,260	179,852
1980.....	171,424	3,110	12,908	29,547	30,864	1,037	248,890	32,140	13,097	172,416	4,077	27,160	203,653
1981.....	197,910	4,229	14,100	40,472	35,307	1,197	293,215	39,190	16,343	196,191	5,747	35,744	237,682
1982.....	211,604	3,302	16,860	47,384	44,453	1,234	324,837	43,932	18,044	210,509	5,575	46,777	262,861
1983.....	221,800	2,599	21,061	45,127	51,253	1,212	343,052	46,384	20,655	231,452	4,258	40,303	276,013
1984.....	238,797	3,132	24,599	50,716	54,339	1,211	372,794	49,517	22,442	252,030	4,291	44,514	300,835
1985.....	257,493	4,046	28,493	54,387	59,000	1,288	404,707	54,144	24,654	275,844	4,818	45,247	325,909
1986.....	273,978	5,442	32,351	57,059	62,265	1,416	432,511	62,136	26,920	298,747	5,168	39,540	343,455

(1) Includes military pay and allowances.

(2) Includes capital assistance.

Source: Statistics Canada, *National Income and Expenditure Accounts* (13-001).

Table 13.1
Change in Sources and Disposition of Personal Income
 1948 – 1986
 (per cent)

Year	Sources of Personal Income						Disposition of Personal Income						
	Labour income	Net farm income	Net non-farm unincorporated business income	Interest dividends and other investment income	Government transfer payments to persons	Transfers from corporations and non-residents	Transfers to governments		Transfers to corporations and non-residents		Personal disposable income		
							Personal income	Income taxes	Other transfers from persons	Consumer expenditure			
1948	16.2	37.0	7.3	6.9	2.8	13.6	15.3	3.2	18.4	10.6	-12.1	109.8	16.1
1949	8.0	-9.5	10.2	7.3	10.2	6.0	6.4	-5.6	6.3	10.0	3.9	-17.8	7.1
1950	8.0	-11.8	6.4	18.7	8.6	3.8	6.5	-9.6	8.6	9.7	22.6	-21.5	7.3
1951	17.7	60.8	6.0	10.4	0.1	10.9	17.8	45.4	27.7	11.1	26.2	99.1	16.2
1952	12.1	-2.1	9.0	3.0	31.3	27.9	10.8	32.2	5.8	9.4	15.9	12.4	9.7
1953	8.2	-18.4	8.4	-0.6	7.8	6.4	5.1	9.3	10.5	6.6	20.0	-14.3	4.6
1954	3.0	-37.4	4.9	2.0	12.1	0.0	0.8	0.7	1.5	4.8	14.0	-45.1	0.7
1955	6.8	14.3	10.3	12.5	5.8	10.8	7.9	0.1	15.2	8.6	12.3	0.5	8.2
1956	12.5	17.3	3.3	11.9	2.1	13.0	10.7	15.3	14.3	9.3	13.7	30.1	10.2
1957	8.3	-26.9	5.0	12.5	17.7	3.8	7.0	13.2	4.8	7.0	5.4	-1.2	6.6
1958	2.6	22.4	5.9	5.5	26.4	11.1	5.9	-8.2	2.8	6.3	8.6	23.0	7.1
1959	6.5	-9.1	2.9	11.3	4.3	11.7	5.5	12.2	17.9	6.8	8.4	-34.5	4.7
1960	5.2	0.3	0.5	7.6	13.4	-0.7	5.4	13.5	13.5	4.6	7.3	1.2	4.5
1961	5.2	-20.5	3.1	4.1	-11.8	11.3	2.3	7.4	1.6	1.8	9.0	4.3	1.9
1962	7.6	69.1	1.9	13.6	7.4	3.4	8.9	9.0	5.1	6.7	2.5	81.8	9.1
1963	6.7	3.3	7.0	9.3	2.5	9.8	6.4	7.4	4.3	6.6	4.0	3.4	6.5
1964	9.3	-14.7	4.5	10.5	7.1	10.1	7.7	18.9	8.6	7.4	7.0	-3.3	6.8
1965	11.5	22.9	4.4	6.6	7.2	14.6	10.4	13.5	13.9	8.3	17.1	40.9	10.0
1966	13.3	23.8	4.9	10.8	9.5	4.2	12.3	16.3	57.8	9.3	9.3	23.1	10.2
1967	10.6	-25.8	5.1	9.7	23.9	9.0	9.7	25.6	11.3	8.2	17.3	5.1	8.1
1968	8.7	19.0	9.9	9.7	16.7	3.7	9.9	20.8	15.0	9.2	19.6	-4.8	8.4
1969	11.8	-8.2	7.1	13.0	12.0	-1.6	10.9	26.0	16.9	9.5	31.8	-8.8	8.6
1970	8.4	-16.7	3.3	9.0	14.2	11.8	8.0	18.0	11.1	5.6	9.7	19.1	6.3
1971	9.8	15.3	7.1	5.7	18.6	23.3	10.3	15.1	5.1	8.5	2.8	35.8	9.9
1972	12.2	11.6	6.4	25.9	20.3	2.4	13.6	12.2	6.9	12.0	14.4	44.7	14.2
1973	15.2	93.7	9.1	25.2	12.9	20.7	16.8	16.7	12.8	14.4	24.9	43.9	17.0
1974	19.2	8.7	4.7	26.8	23.6	12.2	19.0	21.6	29.2	16.9	35.7	24.6	17.9
1975	16.6	19.2	10.8	11.4	23.9	13.0	16.7	11.5	16.6	15.8	13.1	31.6	17.5
1976	15.8	-21.4	11.1	14.6	13.9	16.8	14.1	16.8	22.1	14.3	14.3	5.3	13.2
1977	10.8	-17.4	9.2	11.2	13.7	6.9	10.6	12.4	10.9	10.8	6.7	6.4	10.2
1978	8.8	24.3	12.0	30.5	12.7	16.1	11.6	4.3	12.4	11.2	12.7	25.0	12.8
1979	12.5	8.7	6.7	24.2	6.0	18.3	12.5	12.4	7.8	11.6	44.8	17.3	12.8
1980	13.0	-11.7	8.6	19.5	15.6	13.8	13.4	15.9	10.2	12.4	27.3	16.8	13.2
1981	15.5	36.0	9.2	37.0	14.4	15.4	17.8	21.9	24.8	13.8	41.0	31.6	16.7
1982	6.9	-21.9	19.6	17.1	25.9	3.1	10.8	12.1	10.4	7.3	-3.0	30.9	10.6
1983	4.8	-21.3	24.9	-4.8	15.3	-1.8	5.6	5.6	14.5	9.9	-23.6	-13.8	5.0
1984	7.7	20.5	16.8	12.4	6.0	-0.1	8.7	6.8	8.7	8.9	0.8	10.4	9.0
1985	7.8	29.2	15.8	7.2	8.6	6.4	8.6	9.3	9.9	9.4	12.3	1.6	8.3
1986	6.4	34.5	13.5	4.9	5.5	9.9	6.9	14.8	9.2	8.3	7.3	-12.6	5.4

Reference Table 14

Structural Change in the Sources and Disposition of Personal Income

1947 – 1986

(per cent)

As shares of personal income

Year	Labour income	Net farm income	Net non- farm unincor- porated business income	Interest dividends and other investment income	Govern- ment transfer payments to persons	Transfers from corpora- tions and non- residents	Transfers to governments		Transfers to corpora- tions and non- residents	Personal savings	Personal disposable income	Savings rate ⁽¹⁾	
							Income taxes	Other transfers from persons					
1947	61.3	9.7	14.5	6.6	7.6	0.4	6.3	2.4	85.6	0.5	5.2	91.3	5.6
1948	61.8	11.5	13.5	6.1	6.7	0.4	5.6	2.5	82.1	0.4	9.4	91.9	10.2
1949	62.7	9.8	14.0	6.1	7.0	0.4	5.0	2.5	84.8	0.4	7.3	92.5	7.9
1950	63.6	8.1	14.0	6.8	7.1	0.4	4.3	2.5	87.4	0.5	5.4	93.2	5.8
1951	63.6	11.1	12.6	6.4	6.1	0.4	5.3	2.8	82.5	0.5	9.0	92.0	9.8
1952	64.3	9.8	12.4	6.0	7.2	0.4	6.3	2.6	81.4	0.5	9.2	91.1	10.1
1953	66.2	7.6	12.8	5.6	7.4	0.4	6.5	2.8	82.6	0.6	7.5	90.7	8.2
1954	67.7	4.7	13.3	5.7	8.2	0.4	6.5	2.8	86.0	0.7	4.1	90.7	4.5
1955	67.0	5.0	13.6	5.9	8.0	0.4	6.1	3.0	86.5	0.7	3.8	91.0	4.2
1956	68.2	5.3	12.7	6.0	7.4	0.4	6.3	3.1	85.5	0.7	4.5	90.6	4.9
1957	69.0	3.6	12.4	6.3	8.2	0.4	6.7	3.0	85.5	0.7	4.1	90.3	4.6
1958	66.9	4.2	12.4	6.3	9.7	0.4	5.8	2.9	85.8	0.7	4.8	91.3	5.3
1959	67.5	3.6	12.1	6.6	9.6	0.5	6.1	3.3	86.9	0.7	3.0	90.6	3.3
1960	67.4	3.4	11.6	6.8	10.4	0.4	6.6	3.5	86.3	0.7	2.9	89.9	3.1
1961	69.3	2.7	11.7	6.9	8.9	0.5	7.0	3.5	85.9	0.8	2.9	89.6	3.3
1962	68.5	4.1	10.9	7.2	8.8	0.5	7.0	3.4	84.1	0.7	4.9	89.7	5.4
1963	68.7	4.0	11.0	7.4	8.5	0.5	7.0	3.3	84.2	0.7	4.7	89.7	5.3
1964	69.7	3.2	10.6	7.6	8.4	0.5	7.7	3.3	84.0	0.7	4.2	88.9	4.7
1965	70.4	3.5	10.1	7.3	8.2	0.5	8.0	3.4	82.4	0.8	5.4	88.6	6.1
1966	71.0	3.9	9.4	7.2	8.0	0.5	8.3	4.8	80.2	0.7	5.9	86.9	6.8
1967	71.6	2.6	9.0	7.2	9.0	0.5	9.5	4.9	79.2	0.8	5.7	85.6	6.6
1968	70.9	2.9	9.0	7.2	9.6	0.4	10.4	5.1	78.7	0.9	4.9	84.5	5.8
1969	71.5	2.4	8.7	7.4	9.7	0.4	11.8	5.4	77.7	1.0	4.1	82.8	4.9
1970	71.8	1.8	8.3	7.4	10.2	0.4	12.9	5.6	76.0	1.0	4.5	81.5	5.5
1971	71.4	1.9	8.1	7.1	11.0	0.5	13.5	5.3	74.8	1.0	5.5	81.2	6.8
1972	70.6	1.9	7.6	7.9	11.7	0.4	13.3	5.0	73.7	1.0	7.0	81.7	8.5
1973	69.6	3.1	7.1	8.5	11.3	0.4	13.3	4.8	72.2	1.1	8.6	81.9	10.5
1974	69.8	2.8	6.2	9.0	11.7	0.4	13.6	5.2	70.9	1.2	9.1	81.2	11.1
1975	69.7	2.9	5.9	8.6	12.5	0.4	13.0	5.2	70.4	1.2	10.2	81.8	12.5
1976	70.8	2.0	5.8	8.7	12.4	0.4	13.3	5.6	70.5	1.2	9.4	81.1	11.6
1977	70.9	1.5	5.7	8.7	12.8	0.4	13.5	5.6	70.7	1.1	9.1	80.9	11.2
1978	69.1	1.7	5.7	10.2	12.9	0.4	12.6	5.7	70.4	1.1	10.2	81.7	12.4
1979	69.1	1.6	5.4	11.3	12.2	0.4	12.6	5.4	69.9	1.5	10.6	81.9	12.9
1980	68.9	1.2	5.2	11.9	12.4	0.4	12.9	5.3	69.3	1.6	10.9	81.8	13.4
1981	67.5	1.4	4.8	13.8	12.0	0.4	13.4	5.6	66.9	2.0	12.2	81.1	15.0
1982	65.1	1.0	5.2	14.6	13.7	0.4	13.5	5.6	64.8	1.7	14.4	80.9	17.8
1983	64.7	0.8	6.1	13.2	14.9	0.4	13.5	6.0	67.5	1.2	11.7	80.5	14.6
1984	64.1	0.8	6.6	13.6	14.6	0.3	13.3	6.0	67.6	1.2	11.9	80.7	14.8
1985	63.6	1.0	7.0	13.4	14.6	0.3	13.4	6.1	68.2	1.2	11.2	80.5	13.9
1986	63.3	1.3	7.5	13.2	14.4	0.3	14.4	6.2	69.1	1.2	9.1	79.4	11.5

⁽¹⁾ Personal savings divided by personal disposable income.Source: Statistics Canada, *National Income and Expenditure Accounts* (13-001).

Reference Table 15
Personal Income, Canada and Provinces
 1961 – 1985
 (millions of dollars)

Year	Nfld.	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alta.	B.C.	Yukon N.W.T.	Canada
1961.....	459	105	948	673	7,935	12,373	1,454	1,119	2,229	3,140	65	30,563
1962.....	485	113	995	706	8,593	13,300	1,639	1,545	2,436	3,333	67	33,288
1963.....	522	119	1,047	755	9,117	14,227	1,667	1,697	2,567	3,570	70	35,433
1964.....	563	133	1,115	820	9,980	15,408	1,809	1,569	2,702	3,908	78	38,162
1965.....	618	145	1,194	896	10,976	17,021	1,932	1,809	2,994	4,363	82	42,118
1966.....	702	164	1,313	1,010	12,255	19,248	2,077	2,031	3,408	4,904	91	47,297
1967.....	777	171	1,451	1,082	13,614	21,159	2,323	1,929	3,718	5,443	105	51,877
1968.....	857	186	1,582	1,191	14,620	23,504	2,564	2,187	4,144	5,943	116	56,988
1969.....	940	206	1,758	1,308	16,048	26,339	2,729	2,273	4,612	6,743	140	63,186
1970.....	1,040	233	1,884	1,427	17,251	28,766	2,900	2,162	4,971	7,338	170	68,222
1971.....	1,157	240	2,085	1,587	18,987	31,561	3,176	2,537	5,501	8,188	181	75,277
1972.....	1,326	285	2,424	1,820	21,709	35,565	3,539	2,747	6,289	9,502	214	85,503
1973.....	1,560	355	2,832	2,116	24,971	40,910	4,210	3,602	7,501	11,432	256	99,838
1974.....	1,920	430	3,374	2,555	29,757	48,011	4,921	4,473	9,127	13,783	306	118,768
1975.....	2,297	479	3,889	3,010	34,789	55,167	5,719	5,521	11,064	16,135	367	138,578
1976.....	2,605	573	4,374	3,463	40,407	62,556	6,295	6,005	12,787	18,488	420	158,127
1977.....	2,945	622	4,875	3,790	45,066	68,598	6,903	6,110	14,573	20,691	503	174,838
1978.....	3,201	725	5,479	4,189	49,831	75,832	7,703	6,943	17,262	23,266	563	195,163
1979.....	3,618	800	6,073	4,630	55,825	84,607	8,411	7,734	20,545	26,422	635	219,467
1980.....	3,938	881	6,640	5,139	63,468	94,407	9,209	8,581	24,686	31,057	713	248,890
1981.....	4,514	1,035	7,627	5,928	73,000	110,028	11,251	11,069	30,758	36,959	867	293,215
1982.....	5,043	1,133	8,702	6,700	80,049	122,421	12,534	12,090	34,709	40,192	987	324,760
1983.....	5,498	1,229	9,429	7,256	83,617	131,906	13,276	12,244	35,351	41,735	1,046	342,803
1984.....	5,788	1,347	10,339	7,961	91,108	145,916	14,687	13,020	36,585	43,788	1,174	371,941
1985.....	6,131	1,399	11,282	8,575	98,475	157,806	15,890	14,475	39,707	46,778	1,223	401,983

Note: The Canada figure includes personal income of Canadians temporarily abroad (including pay and allowances of Canadian Armed Forces abroad). Data for 1982 to 1985 do not include the latest revisions to the Canadian income and expenditure accounts.

Source: Statistics Canada, *Provincial Economic Accounts* (13-213).

Table 15.1
Change in Personal Income, Canada and Provinces
 1962 – 1985
 (per cent)

Year	Nfld.	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alta.	B.C.	Yukon N.W.T.	Canada
1962.....	5.7	7.6	5.0	4.9	8.3	7.5	12.7	38.1	9.3	6.1	3.1	8.9
1963.....	7.6	5.3	5.2	6.9	6.1	7.0	1.7	9.8	5.4	7.1	4.5	6.4
1964.....	7.9	11.8	6.5	8.6	9.5	8.3	8.5	-7.5	5.3	9.5	11.4	7.7
1965.....	9.8	9.0	7.1	9.3	10.0	10.5	6.8	15.3	10.8	11.6	5.1	10.4
1966.....	13.6	13.1	10.0	12.7	11.7	13.1	7.5	12.3	13.8	12.4	11.0	12.3
1967.....	10.7	4.3	10.5	7.1	11.1	9.9	11.8	-5.0	9.1	11.0	15.4	9.7
1968.....	10.3	8.8	9.0	10.1	7.4	11.1	10.4	13.4	11.5	9.2	10.5	9.9
1969.....	9.7	10.8	11.1	9.8	9.8	12.1	6.4	3.9	11.3	13.5	20.7	10.9
1970.....	10.6	13.1	7.2	9.1	7.5	9.2	6.3	-4.9	7.8	8.8	21.4	8.0
1971.....	11.3	3.0	10.7	11.2	10.1	9.7	9.5	17.3	10.7	11.6	6.5	10.3
1972.....	14.6	18.8	16.3	14.7	14.3	12.7	11.4	8.3	14.3	16.0	18.2	13.6
1973.....	17.6	24.6	16.8	16.3	15.0	15.0	19.0	31.1	19.3	20.3	19.6	16.8
1974.....	23.1	21.1	19.1	20.7	19.2	17.4	16.9	24.2	21.7	20.6	19.5	19.0
1975.....	19.6	11.4	15.3	17.8	16.9	14.9	16.2	23.4	21.2	17.1	19.9	16.7
1976.....	13.4	19.6	12.5	15.0	16.1	13.4	10.1	8.8	15.6	14.6	14.4	14.1
1977.....	13.1	8.6	11.5	9.4	11.5	9.7	9.7	1.7	14.0	11.9	19.8	10.6
1978.....	8.7	16.6	12.4	10.5	10.6	10.5	11.6	13.6	18.5	12.4	11.9	11.6
1979.....	13.0	10.3	10.8	10.5	12.0	11.6	9.2	11.4	19.0	13.6	12.8	12.5
1980.....	8.8	10.1	9.3	11.0	13.7	11.6	9.5	11.0	20.2	17.5	12.3	13.4
1981.....	14.6	17.5	14.9	15.4	15.0	16.5	22.2	29.0	24.6	19.0	21.6	17.8
1982.....	11.7	9.5	14.1	13.0	9.7	11.3	11.4	9.2	12.8	8.7	13.8	10.8
1983.....	9.0	8.5	8.4	8.3	4.5	7.7	5.9	1.3	1.8	3.8	6.0	5.6
1984.....	5.3	9.6	9.7	9.7	9.0	10.6	10.6	6.3	3.5	4.9	12.2	8.5
1985.....	5.9	3.9	9.1	7.7	8.1	8.1	8.2	11.2	8.5	6.8	4.2	8.1

Table 15.2
Distribution of Personal Income by Province
 1961 – 1985
 (percentage of Canada)

Year	Nfld.	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alta.	B.C.	Yukon N.W.T.	Canada
1961	1.5	0.3	3.1	2.2	26.0	40.5	4.8	3.7	7.3	10.3	0.2	100.0
1962	1.5	0.3	3.0	2.1	25.8	40.0	4.9	4.6	7.3	10.0	0.2	100.0
1963	1.5	0.3	3.0	2.1	25.7	40.2	4.7	4.8	7.2	10.1	0.2	100.0
1964	1.5	0.3	2.9	2.1	26.2	40.4	4.7	4.1	7.1	10.2	0.2	100.0
1965	1.5	0.3	2.8	2.1	26.1	40.4	4.6	4.3	7.1	10.4	0.2	100.0
1966	1.5	0.3	2.8	2.1	25.9	40.7	4.4	4.3	7.2	10.4	0.2	100.0
1967	1.5	0.3	2.8	2.1	26.2	40.8	4.5	3.7	7.2	10.5	0.2	100.0
1968	1.5	0.3	2.8	2.1	25.7	41.2	4.5	3.8	7.3	10.4	0.2	100.0
1969	1.5	0.3	2.8	2.1	25.4	41.7	4.3	3.6	7.3	10.7	0.2	100.0
1970	1.5	0.3	2.8	2.1	25.3	42.2	4.3	3.2	7.3	10.8	0.2	100.0
1971	1.5	0.3	2.8	2.1	25.2	41.9	4.2	3.4	7.3	10.9	0.2	100.0
1972	1.6	0.3	2.8	2.1	25.4	41.6	4.1	3.2	7.4	11.1	0.3	100.0
1973	1.6	0.4	2.8	2.1	25.0	41.0	4.2	3.6	7.5	11.5	0.3	100.0
1974	1.6	0.4	2.8	2.2	25.1	40.4	4.1	3.8	7.7	11.6	0.3	100.0
1975	1.7	0.3	2.8	2.2	25.1	39.8	4.1	4.0	8.0	11.6	0.3	100.0
1976	1.6	0.4	2.8	2.2	25.6	39.6	4.0	3.8	8.1	11.7	0.3	100.0
1977	1.7	0.4	2.8	2.2	25.8	39.2	3.9	3.5	8.3	11.8	0.3	100.0
1978	1.6	0.4	2.8	2.1	25.5	38.9	3.9	3.6	8.8	11.9	0.3	100.0
1979	1.6	0.4	2.8	2.1	25.4	38.6	3.8	3.5	9.4	12.0	0.3	100.0
1980	1.6	0.4	2.7	2.1	25.5	37.9	3.7	3.4	9.9	12.5	0.3	100.0
1981	1.5	0.4	2.6	2.0	24.9	37.5	3.8	3.8	10.5	12.6	0.3	100.0
1982	1.6	0.3	2.7	2.1	24.6	37.7	3.9	3.7	10.7	12.4	0.3	100.0
1983	1.6	0.4	2.8	2.1	24.4	38.5	3.9	3.6	10.3	12.2	0.3	100.0
1984	1.6	0.4	2.8	2.1	24.5	39.2	3.9	3.5	9.8	11.8	0.3	100.0
1985	1.5	0.3	2.8	2.1	24.5	39.3	4.0	3.6	9.9	11.6	0.3	100.0

Reference Table 16
Personal Income Per Capita, Canada and Provinces
 1961 – 1985
 (dollars)

Year	Nfld.	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alta.	B.C.	Yukon N.W.T.	Canada
1961.....	1,002	1,000	1,286	1,125	1,509	1,984	1,577	1,210	1,673	1,928	1,757	1,676
1962.....	1,036	1,056	1,334	1,167	1,600	2,094	1,751	1,661	1,779	2,008	1,675	1,791
1963.....	1,097	1,102	1,394	1,240	1,663	2,195	1,757	1,819	1,830	2,101	1,707	1,872
1964.....	1,166	1,220	1,477	1,342	1,787	2,324	1,886	1,666	1,891	2,240	1,857	1,978
1965.....	1,266	1,330	1,579	1,457	1,931	2,508	2,002	1,904	2,065	2,428	2,000	2,144
1966.....	1,424	1,505	1,737	1,637	2,120	2,765	2,157	2,127	2,329	2,617	2,116	2,363
1967.....	1,557	1,569	1,909	1,745	2,322	2,969	2,412	2,016	2,495	2,798	2,386	2,546
1968.....	1,694	1,691	2,063	1,906	2,466	3,237	2,641	2,278	2,719	2,967	2,578	2,753
1969.....	1,829	1,856	2,268	2,083	2,681	3,567	2,788	2,373	2,958	3,273	2,979	3,009
1970.....	2,012	2,118	2,409	2,276	2,869	3,810	2,950	2,298	3,117	3,448	3,400	3,203
1971.....	2,216	2,162	2,643	2,499	3,150	4,097	3,215	2,740	3,379	3,747	3,415	3,490
1972.....	2,502	2,522	3,049	2,844	3,586	4,554	3,571	3,005	3,795	4,240	3,754	3,922
1973.....	2,905	3,114	3,522	3,270	4,108	5,173	4,227	3,980	4,438	4,966	4,267	4,529
1974.....	3,549	3,739	4,155	3,907	4,860	5,961	4,887	4,970	5,300	5,801	5,100	5,311
1975.....	4,184	4,094	4,743	4,526	5,630	6,751	5,640	6,087	6,223	6,632	5,825	6,106
1976.....	4,668	4,856	5,276	5,115	6,481	7,570	6,159	6,520	6,957	7,494	6,563	6,877
1977.....	5,259	5,227	5,852	5,541	7,172	8,212	6,722	6,535	7,618	8,276	7,738	7,512
1978.....	5,696	5,992	6,538	6,089	7,907	8,985	7,464	7,363	8,705	9,153	8,530	8,299
1979.....	6,415	6,557	7,213	6,691	8,807	9,953	8,182	8,132	10,007	10,205	9,621	9,242
1980.....	6,958	7,163	7,858	7,394	9,939	11,016	8,984	8,948	11,530	11,649	10,642	10,352
1981.....	7,947	8,415	8,994	8,517	11,339	12,757	10,966	11,435	13,750	13,469	12,565	12,046
1982.....	8,879	9,211	10,214	9,585	12,353	14,046	12,122	12,349	14,967	14,401	13,901	13,184
1983.....	9,545	9,911	10,939	10,249	12,844	14,947	12,668	12,318	15,069	14,794	14,732	13,775
1984.....	9,997	10,690	11,870	11,134	13,920	16,318	13,869	12,929	15,568	15,321	16,306	14,804
1985.....	10,552	11,016	12,820	11,910	14,959	17,410	14,850	14,219	16,839	16,214	16,527	15,851

Note: Personal income per capita is obtained by dividing Personal Income by Population at June 1st.

Source: Statistics Canada, *Postcensal Annual Estimates of Population by Marital Status, Age, Sex and Components of Growth for Canada, the Provinces and the Territories at June 1st* (91-201); *Provincial Economic Accounts* (13-213).

Table 16.1
Change in Personal Income Per Capita, Canada and Provinces
 1962 – 1985
 (per cent)

Year	Nfld.	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alta.	B.C.	Yukon	N.W.T.	Canada
1962	3.4	5.6	3.7	3.7	6.0	5.5	11.0	37.3	6.3	4.1	-4.7	6.9	
1963	5.9	4.4	4.5	6.3	3.9	4.8	0.3	9.5	2.9	4.6	1.9	4.5	
1964	6.3	10.7	6.0	8.2	7.5	5.9	7.3	-8.4	3.3	6.6	8.8	5.7	
1965	8.6	9.0	6.9	8.6	8.1	7.9	6.2	14.3	9.2	8.4	7.7	8.4	
1966	12.5	13.2	10.0	12.4	9.8	10.2	7.7	11.7	12.8	7.8	5.8	10.2	
1967	9.3	4.3	9.9	6.6	9.5	7.4	11.8	-5.2	7.1	6.9	12.8	7.7	
1968	8.8	7.8	8.1	9.2	6.2	9.0	9.5	13.0	9.0	6.0	8.0	8.1	
1969	8.0	9.8	9.9	9.3	8.7	10.2	5.6	4.2	8.8	10.3	15.6	9.3	
1970	10.0	14.1	6.2	9.3	7.0	6.8	5.8	-3.2	5.4	5.3	14.1	6.4	
1971	10.1	2.1	9.7	9.8	9.8	7.5	9.0	19.2	8.4	8.7	0.4	9.0	
1972	12.9	16.7	15.4	13.8	13.8	11.2	11.1	9.7	12.3	13.2	9.9	12.4	
1973	16.1	23.5	15.5	15.0	14.6	13.6	18.4	32.4	16.9	17.1	13.7	15.5	
1974	22.2	20.1	18.0	19.5	18.3	15.2	15.6	24.9	19.4	16.8	19.5	17.3	
1975	17.9	9.5	14.2	15.8	15.8	13.3	15.4	22.5	17.4	14.3	14.2	15.0	
1976	11.6	18.6	11.2	13.0	15.1	12.1	9.2	7.1	11.8	13.0	12.7	12.6	
1977	12.7	7.6	10.9	8.3	10.7	8.5	9.1	0.2	9.5	10.4	17.9	9.2	
1978	8.3	14.6	11.7	9.9	10.2	9.4	11.0	12.7	14.3	10.6	10.2	10.5	
1979	12.6	9.4	10.3	9.9	11.4	10.8	9.6	10.4	15.0	11.5	12.8	11.4	
1980	8.5	9.2	8.9	10.5	12.9	10.7	9.8	10.0	15.2	14.1	10.6	12.0	
1981	14.2	17.5	14.5	15.2	14.1	15.8	22.1	27.8	19.3	15.6	18.1	16.4	
1982	11.7	9.5	13.6	12.5	8.9	10.1	10.5	8.0	8.9	6.9	10.6	9.4	
1983	7.5	7.6	7.1	6.9	4.0	6.4	4.5	-0.3	0.7	2.7	6.0	4.5	
1984	4.7	7.9	8.5	8.6	8.4	9.2	9.5	5.0	3.3	3.6	10.7	7.5	
1985	5.6	3.0	8.0	7.0	7.5	6.7	7.1	10.0	8.2	5.8	1.4	7.1	

Table 16.2
Personal Income Per Capita by Province Relative to the Canadian Average
 1961 – 1985
 (percentage of Canada)

Year	Nfld.	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alta.	B.C.	Yukon N.W.T.	Canada
1961	59.8	59.7	76.7	67.1	90.0	118.4	94.1	72.2	99.8	115.0	104.8	100.0
1962	57.8	59.0	74.5	65.2	89.3	116.9	97.8	92.7	99.3	112.1	93.5	100.0
1963	58.6	58.9	74.5	66.2	88.8	117.3	93.9	97.2	97.8	112.2	91.2	100.0
1964	58.9	61.7	74.7	67.8	90.3	117.5	95.3	84.2	95.6	113.2	93.9	100.0
1965	59.0	62.0	73.6	68.0	90.1	117.0	93.4	88.8	96.3	113.2	93.3	100.0
1966	60.3	63.7	73.5	69.3	89.7	117.0	91.3	90.0	98.6	110.7	89.5	100.0
1967	61.2	61.6	75.0	68.5	91.2	116.6	94.7	79.2	98.0	109.9	93.7	100.0
1968	61.5	61.4	74.9	69.2	89.6	117.6	95.9	82.7	98.8	107.8	93.6	100.0
1969	60.8	61.7	75.4	69.2	89.1	118.5	92.7	78.9	98.3	108.8	99.0	100.0
1970	62.8	66.1	75.2	71.1	89.6	119.0	92.1	71.7	97.3	107.6	106.2	100.0
1971	63.5	61.9	75.7	71.6	90.3	117.4	92.1	78.5	96.8	107.4	97.9	100.0
1972	63.8	64.3	77.7	72.5	91.4	116.1	91.1	76.6	96.8	108.1	95.7	100.0
1973	64.1	68.8	77.8	72.2	90.7	114.2	93.3	87.9	98.0	109.6	94.2	100.0
1974	66.8	70.4	78.2	73.6	91.5	112.2	92.0	93.6	99.8	109.2	96.0	100.0
1975	68.5	67.0	77.7	74.1	92.2	110.6	92.4	99.7	101.9	108.6	95.4	100.0
1976	67.9	70.6	76.7	74.4	94.2	110.1	89.6	94.8	101.2	109.0	95.4	100.0
1977	70.0	69.6	77.9	73.8	95.5	109.3	89.5	87.0	101.4	110.2	103.0	100.0
1978	68.6	72.2	78.8	73.4	95.3	108.3	89.9	88.7	104.9	110.3	102.8	100.0
1979	69.4	70.9	78.0	72.4	95.3	107.7	88.5	88.0	108.3	110.4	104.1	100.0
1980	67.2	69.2	75.9	71.4	96.0	106.4	86.8	86.4	111.4	112.5	102.8	100.0
1981	66.0	69.9	74.7	70.7	94.1	105.9	91.0	94.9	114.1	111.8	104.3	100.0
1982	67.3	69.9	77.5	72.7	93.7	106.5	91.9	93.7	113.5	109.2	105.4	100.0
1983	69.3	71.9	79.4	74.4	93.2	108.5	92.0	89.4	109.4	107.4	106.9	100.0
1984	67.5	72.2	80.2	75.2	94.0	110.2	93.7	87.3	105.2	103.5	110.1	100.0
1985	66.6	69.5	80.9	75.1	94.4	109.8	93.7	89.7	106.2	102.3	104.3	100.0

Reference Table 17

Value of Retail Trade, Canada and by Region1972 – 1986⁽¹⁾

(millions of dollars)

Year	Motor vehicle dealers	All other types of business	Total all stores						
			Canada	Atlantic region	Quebec	Ontario	Prairie region	British Columbia	Yukon N.W.T.
1972.....	6,240	27,846	34,086	2,786	8,612	13,058	5,568	3,987	75
1973.....	7,422	30,891	38,313	3,095	9,697	14,505	6,281	4,646	89
1974.....	8,303	36,435	44,739	3,638	11,385	16,570	7,603	5,432	111
1975.....	10,184	41,178	51,361	4,167	13,020	19,151	8,955	5,938	131
1976.....	11,058	46,070	57,128	4,625	14,448	21,057	10,183	6,675	141
1977.....	11,750	49,873	61,623	4,921	15,563	22,719	10,967	7,284	168
1978.....	13,480	55,299	68,779	5,615	17,196	25,186	12,355	8,227	199
1979.....	15,421	61,604	77,025	6,295	19,624	27,515	14,191	9,195	205
1980.....	15,698	68,329	84,026	6,628	20,895	29,666	16,027	10,572	238
1981.....	16,547	77,746	94,293	7,245	22,671	33,732	18,361	12,000	283
1982.....	14,413	83,225	97,638	7,720	23,497	35,543	18,813	11,766	299
1983.....	17,198	89,045	106,243	8,695	25,784	39,446	19,761	12,257	300
1984.....	20,847	95,233	116,080	9,567	29,006	43,466	20,702	13,005	335
1985.....	26,027	103,420	129,446	10,553	31,782	49,004	23,428	14,304	376
1986.....	28,688	111,321	140,009	11,262	34,593	53,412	24,782	15,567	393

⁽¹⁾ Retail trade data prior to 1975 were based on samples of retail firms benchmarked to census information; there were overlaps of data benchmarked to different census years. Prior to 1976 retail trade data were obtained from a sample of firms derived from non-census information.

Note: Figures may not cross-add due to rounding.

Source: Statistics Canada, *Retail Trade* (63-005).

Reference Table 18
Private and Public Investment in Canada
 1956 – 1987
 (millions of dollars)

Year	Primary and construction industries				Manufacturing				
	Capital expenditures			Total	Capital expenditures			Repair expenditure	Total
	Construction	Machinery and equipment	Sub-total		Construction	Machinery and equipment	Sub-total		
1956.....	583	772	1,355	460	1,816	488	906	1,394	578 1,972
1957.....	585	707	1,292	444	1,736	520	959	1,479	613 2,092
1958.....	426	622	1,047	449	1,496	398	697	1,095	572 1,667
1959.....	453	679	1,131	498	1,629	374	770	1,144	662 1,806
1960.....	511	680	1,191	506	1,697	335	843	1,178	671 1,849
1961.....	654	647	1,301	512	1,813	279	806	1,085	682 1,767
1962.....	647	745	1,392	536	1,928	353	916	1,269	750 2,019
1963.....	659	885	1,544	586	2,130	355	1,003	1,358	801 2,159
1964.....	769	1,059	1,828	660	2,488	443	1,388	1,831	896 2,727
1965.....	844	1,161	2,005	724	2,729	604	1,736	2,340	974 3,314
1966.....	1,066	1,348	2,414	796	3,210	788	2,126	2,914	1,096 4,010
1967.....	1,069	1,427	2,496	854	3,350	677	1,857	2,534	1,156 3,690
1968.....	1,086	1,341	2,427	914	3,341	657	1,542	2,199	1,232 3,431
1969.....	1,203	1,323	2,526	985	3,511	772	1,828	2,600	1,306 3,906
1970.....	1,284	1,268	2,552	1,112	3,664	997	2,226	3,223	1,417 4,640
1971.....	1,605	1,508	3,113	1,212	4,325	873	2,121	2,994	1,483 4,477
1972.....	1,528	1,785	3,313	1,304	4,617	829	2,119	2,948	1,657 4,605
1973.....	1,756	2,102	3,858	1,582	5,439	986	2,682	3,668	1,919 5,587
1974.....	2,184	2,529	4,712	1,899	6,612	1,425	3,525	4,950	2,310 7,260
1975.....	2,619	3,205	5,824	2,198	8,022	1,569	3,953	5,521	2,445 7,967
1976.....	3,094	4,168	7,262	2,540	9,802	1,440	4,026	5,465	2,891 8,357
1977.....	3,683	4,219	7,902	2,772	10,674	1,659	4,422	6,081	3,216 9,297
1978.....	4,058	4,440	8,497	2,972	11,469	1,544	4,635	6,178	3,596 9,774
1979.....	5,798	5,509	11,308	3,629	14,936	1,611	5,833	7,444	4,098 11,541
1980.....	8,302	6,061	14,363	4,501	18,864	2,256	7,491	9,747	4,731 14,478
1981.....	9,426	7,024	16,451	5,256	21,706	3,074	9,665	12,739	4,955 17,694
1982.....	9,622	6,522	16,145	5,087	21,231	2,909	8,584	11,493	4,854 16,347
1983.....	9,510	5,639	15,149	4,940	20,090	1,896	6,963	8,858	5,011 13,870
1984.....	9,791	5,762	15,553	5,137	20,690	1,824	7,063	8,887	5,748 14,635
1985.....	10,472	4,977	15,449	5,564	21,013	2,566	8,951	11,516	6,082 17,598
1986.....	7,237	4,478	11,714	5,439	17,153	2,417	11,492	13,910	6,032 19,942
1987.....	6,245	4,353	10,599	5,572	16,170	2,411	12,706	15,118	6,365 21,483

Note: 1985 figures are actual, 1986 figures are preliminary actual, 1987 figures are intentions.

Source: Statistics Canada, *Private and Public Investment in Canada* (61-205).

Table 18 (continued)
Private and Public Investment in Canada
 1956 – 1987
 (millions of dollars)

Year	Utilities					Trade, finance and commercial services				
	Capital expenditures					Capital expenditures				
	Construction	Machinery and equipment	Sub-total	Repair expenditure	Total	Construction	Machinery and equipment	Sub-total	Repair expenditure	Total
1956.....	1,086	638	1,724	640	2,364	327	284	611	138	749
1957.....	1,475	833	2,308	677	2,985	383	307	690	146	836
1958.....	1,405	748	2,153	650	2,803	396	309	705	146	851
1959.....	1,118	724	1,842	703	2,545	462	371	833	168	1,001
1960.....	1,074	698	1,772	713	2,485	466	409	875	168	1,043
1961.....	1,088	610	1,698	723	2,421	451	396	847	162	1,009
1962.....	982	619	1,601	734	2,335	438	422	860	164	1,024
1963.....	1,111	660	1,771	774	2,545	468	450	918	183	1,101
1964.....	1,332	727	2,059	822	2,881	548	494	1,042	195	1,237
1965.....	1,443	980	2,423	867	3,290	705	564	1,269	220	1,489
1966.....	1,666	1,260	2,926	945	3,871	860	667	1,527	248	1,775
1967.....	1,748	1,397	3,145	1,019	4,164	764	770	1,534	272	1,806
1968.....	1,774	1,446	3,220	1,070	4,290	710	762	1,472	300	1,772
1969.....	1,719	1,586	3,305	1,113	4,418	704	952	1,656	299	1,955
1970.....	2,044	1,584	3,628	1,218	4,846	760	985	1,745	323	2,068
1971.....	2,228	1,760	3,988	1,318	5,306	901	1,014	1,915	324	2,239
1972.....	2,357	1,872	4,229	1,424	5,653	1,212	1,430	2,642	355	2,997
1973.....	2,673	2,484	5,157	1,617	6,774	1,685	1,759	3,444	420	3,864
1974.....	3,154	3,087	6,241	2,002	8,243	2,184	2,145	4,329	510	4,839
1975.....	4,403	3,630	8,033	2,229	10,262	2,768	2,448	5,216	591	5,807
1976.....	4,426	3,828	8,254	2,588	10,842	2,724	2,546	5,270	724	5,994
1977.....	5,073	4,115	9,188	2,948	12,136	2,605	2,730	5,335	775	6,110
1978.....	5,626	4,900	10,526	3,393	13,918	2,925	3,402	6,327	912	7,239
1979.....	6,184	5,576	11,760	3,830	15,590	3,932	4,516	8,449	1,099	9,548
1980.....	6,717	6,047	12,763	4,439	17,202	4,430	5,079	9,509	1,222	10,731
1981.....	8,588	7,655	16,244	5,066	21,309	5,236	5,670	10,906	1,395	12,300
1982.....	9,610	8,243	17,853	5,442	23,295	4,820	5,044	9,864	1,472	11,336
1983.....	7,642	7,814	15,457	5,944	21,400	4,441	5,433	9,873	1,532	11,406
1984.....	7,236	7,053	14,288	6,606	20,894	5,066	7,016	12,082	1,888	13,970
1985.....	6,770	6,905	13,675	7,013	20,688	6,105	8,735	14,840	2,190	17,031
1986.....	6,727	6,930	13,656	7,064	20,720	7,587	9,527	17,114	2,310	19,424
1987.....	7,318	7,568	14,886	7,303	22,190	8,256	9,954	18,210	2,518	20,728

Table 18 (continued)
Private and Public Investment in Canada
1956 – 1987
 (millions of dollars)

Year	Institutions				Housing			
	Capital expenditures			Total	Capital expenditure		Total	
	Construction	Machinery and equipment	Sub-total		Construction	Repair expenditure		
1956	359	43	402	52	454	1,709	256	1,965
1957	407	47	454	56	510	1,526	383	1,909
1958	457	57	514	57	571	1,906	407	2,313
1959	479	57	536	59	595	1,835	431	2,266
1960	500	73	573	71	644	1,522	457	1,979
1961	536	81	617	78	695	1,497	484	1,981
1962	729	105	834	76	910	1,555	513	2,068
1963	757	116	873	75	948	1,652	544	2,196
1964	648	123	771	79	850	1,990	577	2,567
1965	867	145	1,012	82	1,094	2,218	618	2,836
1966	1,020	184	1,204	93	1,297	2,180	661	2,841
1967	1,107	208	1,315	113	1,428	2,378	713	3,091
1968	1,197	225	1,422	118	1,540	2,806	780	3,586
1969	1,134	209	1,343	133	1,476	3,384	844	4,228
1970	1,095	216	1,311	134	1,445	3,138	871	4,009
1971	1,199	236	1,435	152	1,587	4,025	951	4,976
1972	993	225	1,218	168	1,386	4,820	1,051	5,871
1973	914	228	1,142	175	1,316	5,978	1,188	7,165
1974	1,064	275	1,338	199	1,537	7,010	1,451	8,461
1975	1,191	293	1,484	224	1,708	7,114	1,576	8,690
1976	1,168	317	1,485	256	1,741	10,853	1,817	12,669
1977	1,180	335	1,514	313	1,827	11,065	2,061	13,126
1978	1,181	362	1,542	344	1,886	11,450	2,329	13,780
1979	1,328	363	1,690	369	2,059	11,617	2,649	14,267
1980	1,625	506	2,131	420	2,551	11,014	2,862	13,876
1981	1,882	606	2,488	544	3,032	13,135	3,229	16,365
1982	2,202	738	2,939	720	3,659	10,149	3,433	13,582
1983	2,105	802	2,907	695	3,602	12,994	3,857	16,851
1984	1,939	955	2,893	711	3,604	12,580	4,067	16,647
1985	2,090	981	3,071	697	3,768	21,170	2,975	24,145
1986	2,333	948	3,281	718	3,998	25,593	3,043	28,636
1987	2,463	956	3,419	749	4,168	26,169	3,112	29,281

Table 18 (continued)
Private and Public Investment in Canada
 1956 – 1987
 (millions of dollars)

Year	Government departments					Total				
	Capital expenditures				Capital expenditures					
	Construction	Machinery and equipment	Sub-total	Repair expenditure	Total	Construction	Machinery and equipment	Sub-total	Repair expenditure	Total
1956.....	932	80	1,012	282	1,294	5,484	2,723	8,207	2,406	10,613
1957.....	1,025	85	1,110	288	1,398	5,921	2,938	8,859	2,607	11,466
1958.....	1,014	104	1,118	314	1,432	6,002	2,537	8,538	2,595	11,133
1959.....	1,128	108	1,236	341	1,577	5,849	2,709	8,557	2,862	11,419
1960.....	1,171	103	1,274	383	1,657	5,579	2,806	8,385	2,969	11,354
1961	1,125	122	1,247	380	1,627	5,630	2,662	8,292	3,021	11,313
1962.....	1,130	128	1,258	388	1,646	5,834	2,935	8,769	3,161	11,930
1963.....	1,154	128	1,282	393	1,675	6,156	3,242	9,398	3,356	12,754
1964.....	1,303	157	1,460	402	1,862	7,033	3,948	10,981	3,631	14,612
1965.....	1,494	174	1,668	442	2,110	8,175	4,760	12,935	3,927	16,862
1966.....	1,702	222	1,924	526	2,450	9,282	5,807	15,089	4,365	19,454
1967	1,731	215	1,946	573	2,519	9,474	5,874	15,348	4,700	20,048
1968.....	1,679	230	1,909	604	2,513	9,909	5,546	15,455	5,018	20,473
1969.....	1,908	205	2,113	583	2,696	10,824	6,103	16,927	5,263	22,190
1970.....	2,001	200	2,201	592	2,793	11,319	6,479	17,798	5,667	23,465
1971.....	2,443	271	2,714	620	3,334	13,274	6,910	20,184	6,060	26,244
1972	2,731	317	3,048	615	3,663	14,470	7,748	22,218	6,574	28,792
1973.....	2,962	410	3,372	708	4,080	16,953	9,666	26,618	7,608	34,226
1974.....	3,751	551	4,302	819	5,121	20,771	12,111	32,882	9,189	42,072
1975.....	4,392	633	5,025	892	5,917	24,055	14,162	38,216	10,155	48,371
1976.....	4,440	607	5,047	960	6,007	28,144	15,492	43,636	11,775	55,412
1977.....	4,865	648	5,513	1,085	6,598	30,130	16,467	46,598	13,170	59,767
1978.....	5,129	710	5,839	1,151	6,990	31,912	18,448	50,360	14,696	65,055
1979.....	5,377	710	6,087	1,300	7,387	35,847	22,508	58,354	16,974	75,328
1980.....	5,814	853	6,666	1,543	8,210	40,157	26,036	66,193	19,718	85,911
1981.....	6,517	1,124	7,641	1,742	9,383	47,860	31,744	79,604	22,186	101,790
1982.....	7,206	1,113	8,319	2,054	10,373	46,518	30,244	76,761	23,062	99,823
1983.....	7,088	1,192	8,280	2,143	10,423	45,676	27,843	73,519	24,123	97,642
1984.....	7,336	1,759	9,095	2,169	11,263	45,770	29,608	75,378	26,326	101,703
1985.....	8,917	1,866	10,782	1,911	12,694	58,090	32,414	90,504	26,433	116,937
1986.....	8,630	1,809	10,439	1,962	12,401	60,524	35,183	95,708	26,567	122,275
1987.....	9,199	1,768	10,967	2,024	12,991	62,061	37,307	99,368	27,643	127,011

Reference Table 19
Structure of Private and Public Investment by Industry in Canada
 1956 – 1987
 (percentage distribution)

Year	Primary and construction industries					Manufacturing				
	Capital expenditures			Repair expenditure	Total	Capital expenditures			Repair expenditure	Total
	Construction	Machinery and equipment	Sub-total			Construction	Machinery and equipment	Sub-total		
1956...	32.1	42.5	74.6	25.4	100.0	24.7	45.9	70.7	29.3	100.0
1957...	33.7	40.7	74.4	25.6	100.0	24.9	45.8	70.7	29.3	100.0
1958...	28.4	41.6	70.0	30.0	100.0	23.9	41.8	65.7	34.3	100.0
1959...	27.8	41.7	69.4	30.6	100.0	20.7	42.6	63.3	36.7	100.0
1960...	30.1	40.0	70.2	29.8	100.0	18.1	45.6	63.7	36.3	100.0
1961...	36.1	35.7	71.8	28.2	100.0	15.8	45.6	61.4	38.6	100.0
1962...	33.6	38.6	72.2	27.8	100.0	17.5	45.4	62.9	37.1	100.0
1963...	30.9	41.5	72.5	27.5	100.0	16.4	46.5	62.9	37.1	100.0
1964...	30.9	42.6	73.5	26.5	100.0	16.2	50.9	67.1	32.9	100.0
1965...	30.9	42.5	73.5	26.5	100.0	18.2	52.4	70.6	29.4	100.0
1966...	33.2	42.0	75.2	24.8	100.0	19.7	53.0	72.7	27.3	100.0
1967...	31.9	42.6	74.5	25.5	100.0	18.3	50.3	68.7	31.3	100.0
1968...	32.5	40.1	72.6	27.4	100.0	19.1	44.9	64.1	35.9	100.0
1969...	34.3	37.7	71.9	28.1	100.0	19.8	46.8	66.6	33.4	100.0
1970...	35.0	34.6	69.7	30.3	100.0	21.5	48.0	69.5	30.5	100.0
1971...	37.1	34.9	72.0	28.0	100.0	19.5	47.4	66.9	33.1	100.0
1972...	33.1	38.7	71.8	28.2	100.0	18.0	46.0	64.0	36.0	100.0
1973...	32.3	38.6	70.9	29.1	100.0	17.6	48.0	65.7	34.3	100.0
1974...	33.0	38.2	71.3	28.7	100.0	19.6	48.5	68.2	31.8	100.0
1975...	32.6	40.0	72.6	27.4	100.0	19.7	49.6	69.3	30.7	100.0
1976...	31.6	42.5	74.1	25.9	100.0	17.2	48.2	65.4	34.6	100.0
1977...	34.5	39.5	74.0	26.0	100.0	17.8	47.6	65.4	34.6	100.0
1978...	35.4	38.7	74.1	25.9	100.0	15.8	47.4	63.2	36.8	100.0
1979...	38.8	36.9	75.7	24.3	100.0	14.0	50.5	64.5	35.5	100.0
1980...	44.0	32.1	76.1	23.9	100.0	15.6	51.7	67.3	32.7	100.0
1981...	43.4	32.4	75.8	24.2	100.0	17.4	54.6	72.0	28.0	100.0
1982...	45.3	30.7	76.0	24.0	100.0	17.8	52.5	70.3	29.7	100.0
1983...	47.3	28.1	75.4	24.6	100.0	13.7	50.2	63.9	36.1	100.0
1984...	47.3	27.9	75.2	24.8	100.0	12.5	48.3	60.7	39.3	100.0
1985...	49.8	23.7	73.5	26.5	100.0	14.6	50.9	65.4	34.6	100.0
1986...	42.2	26.1	68.3	31.7	100.0	12.1	57.6	69.8	30.2	100.0
1987...	38.6	26.9	65.5	34.5	100.0	11.2	59.1	70.4	29.6	100.0

Note: 1985 figures are actual, 1986 figures are preliminary actual, 1987 figures are intentions. Figures may not add due to rounding.

Source: Statistics Canada, *Private and Public Investment in Canada* (61-205).

Table 19 (continued)
Private and Public Investment in Canada
1956 – 1987
(percentage distribution)

Year	Utilities				Trade, finance and commercial services					
	Capital expenditures				Capital expenditures					
	Construction	Machinery and equipment	Sub-total	Repair expenditure	Total	Construction	Machinery and equipment	Sub-total	Repair expenditure	
1956...	45.9	27.0	72.9	27.1	100.0	43.7	37.9	81.6	18.4	100.0
1957...	49.4	27.9	77.3	22.7	100.0	45.8	36.7	82.5	17.5	100.0
1958...	50.1	26.7	76.8	23.2	100.0	46.5	36.3	82.8	17.2	100.0
1959...	43.9	28.4	72.4	27.6	100.0	46.2	37.1	83.2	16.8	100.0
1960...	43.2	28.1	71.3	28.7	100.0	44.7	39.2	83.9	16.1	100.0
1961...	44.9	25.2	70.1	29.9	100.0	44.7	39.2	83.9	16.1	100.0
1962...	42.1	26.5	68.6	31.4	100.0	42.8	41.2	84.0	16.0	100.0
1963...	43.7	25.9	69.6	30.4	100.0	42.5	40.9	83.4	16.6	100.0
1964...	46.2	25.2	71.5	28.5	100.0	44.3	39.9	84.2	15.8	100.0
1965...	43.9	29.8	73.6	26.4	100.0	47.3	37.9	85.2	14.8	100.0
1966...	43.0	32.5	75.6	24.4	100.0	48.5	37.6	86.0	14.0	100.0
1967...	42.0	33.5	75.5	24.5	100.0	42.3	42.6	84.9	15.1	100.0
1968...	41.4	33.7	75.1	24.9	100.0	40.1	43.0	83.1	16.9	100.0
1969...	38.9	35.9	74.8	25.2	100.0	36.0	48.7	84.7	15.3	100.0
1970...	42.2	32.7	74.9	25.1	100.0	36.8	47.6	84.4	15.6	100.0
1971...	42.0	33.2	75.2	24.8	100.0	40.2	45.3	85.5	14.5	100.0
1972...	41.7	33.1	74.8	25.2	100.0	40.4	47.7	88.2	11.8	100.0
1973...	39.5	36.7	76.1	23.9	100.0	43.6	45.5	89.1	10.9	100.0
1974...	38.3	37.4	75.7	24.3	100.0	45.1	44.3	89.5	10.5	100.0
1975...	42.9	35.4	78.3	21.7	100.0	47.7	42.2	89.8	10.2	100.0
1976...	40.8	35.3	76.1	23.9	100.0	45.5	42.5	87.9	12.1	100.0
1977...	41.8	33.9	75.7	24.3	100.0	42.6	44.7	87.3	12.7	100.0
1978...	40.4	35.2	75.6	24.4	100.0	40.4	47.0	87.4	12.6	100.0
1979...	39.7	35.8	75.4	24.6	100.0	41.2	47.3	88.5	11.5	100.0
1980...	39.0	35.2	74.2	25.8	100.0	41.3	47.3	88.6	11.4	100.0
1981...	40.3	35.9	76.2	23.8	100.0	42.6	46.1	88.7	11.3	100.0
1982...	41.3	35.4	76.6	23.4	100.0	42.5	44.5	87.0	13.0	100.0
1983...	35.7	36.5	72.2	27.8	100.0	38.9	47.6	86.6	13.4	100.0
1984...	34.6	33.8	68.4	31.6	100.0	36.3	50.2	86.5	13.5	100.0
1985...	32.7	33.4	66.1	33.9	100.0	35.8	51.3	87.1	12.9	100.0
1986...	32.5	33.4	65.9	34.1	100.0	39.1	49.0	88.1	11.9	100.0
1987...	33.0	34.1	67.1	32.9	100.0	39.8	48.0	87.9	12.1	100.0

Table 19 (continued)
Private and Public Investment in Canada
1956 – 1987
(percentage distribution)

Year	Institutions					Housing		
	Capital expenditures			Repair expenditure	Total	Capital expenditures		Repair expenditure
	Construction	Machinery and equipment	Sub- total			Construction	Total	
1956.....	79.1	9.5	88.5	11.5	100.0	87.0	13.0	100.0
1957.....	79.8	9.2	89.0	11.0	100.0	79.9	20.1	100.0
1958.....	80.0	10.0	90.0	10.0	100.0	82.4	17.6	100.0
1959.....	80.5	9.6	90.1	9.9	100.0	81.0	19.0	100.0
1960.....	77.6	11.3	89.0	11.0	100.0	76.9	23.1	100.0
1961.....	77.1	11.7	88.8	11.2	100.0	75.6	24.4	100.0
1962.....	80.1	11.5	91.6	8.4	100.0	75.2	24.8	100.0
1963.....	79.9	12.2	92.1	7.9	100.0	75.2	24.8	100.0
1964.....	76.2	14.5	90.7	9.3	100.0	77.5	22.5	100.0
1965.....	79.3	13.3	92.5	7.5	100.0	78.2	21.8	100.0
1966.....	78.6	14.2	92.8	7.2	100.0	76.7	23.3	100.0
1967.....	77.5	14.6	92.1	7.9	100.0	76.9	23.1	100.0
1968.....	77.7	14.6	92.3	7.7	100.0	78.2	21.8	100.0
1969.....	76.8	14.2	91.0	9.0	100.0	80.0	20.0	100.0
1970.....	75.8	14.9	90.7	9.3	100.0	78.3	21.7	100.0
1971.....	75.6	14.9	90.4	9.6	100.0	80.9	19.1	100.0
1972.....	71.6	16.2	87.9	12.1	100.0	82.1	17.9	100.0
1973.....	69.4	17.3	86.7	13.3	100.0	83.4	16.6	100.0
1974.....	69.2	17.9	87.1	12.9	100.0	82.9	17.1	100.0
1975.....	69.7	17.2	86.9	13.1	100.0	81.9	18.1	100.0
1976.....	67.1	18.2	85.3	14.7	100.0	85.7	14.3	100.0
1977.....	64.6	18.3	82.9	17.1	100.0	84.3	15.7	100.0
1978.....	62.6	19.2	81.8	18.2	100.0	83.1	16.9	100.0
1979.....	64.5	17.6	82.1	17.9	100.0	81.4	18.6	100.0
1980.....	63.7	19.8	83.6	16.4	100.0	79.4	20.6	100.0
1981.....	62.1	20.0	82.1	17.9	100.0	80.3	19.7	100.0
1982.....	60.2	20.2	80.3	19.7	100.0	74.7	25.3	100.0
1983.....	58.4	22.3	80.7	19.3	100.0	77.1	22.9	100.0
1984.....	53.8	26.5	80.3	19.7	100.0	75.6	24.4	100.0
1985.....	55.5	26.0	81.5	18.5	100.0	87.7	12.3	100.0
1986.....	58.3	23.7	82.1	17.9	100.0	89.4	10.6	100.0
1987.....	59.1	22.9	82.0	18.0	100.0	89.4	10.6	100.0

Table 19 (continued)

Private and Public Investment in Canada

1956 – 1987

(percentage distribution)

Year	Government departments					Total				
	Capital expenditures				Capital expenditures					
	Construction	Machinery and equipment	Sub-total	Repair expenditure	Total	Construction	Machinery and equipment	Sub-total	Repair expenditure	Total
1956...	72.0	6.2	78.2	21.8	100.0	51.7	25.7	77.3	22.7	100.0
1957...	73.3	6.1	79.4	20.6	100.0	51.6	25.6	77.3	22.7	100.0
1958...	70.8	7.3	78.1	21.9	100.0	53.9	22.8	76.7	23.3	100.0
1959...	71.5	6.8	78.4	21.6	100.0	51.2	23.7	74.9	25.1	100.0
1960...	70.7	6.2	76.9	23.1	100.0	49.1	24.7	73.8	26.2	100.0
1961...	69.1	7.5	76.6	23.4	100.0	49.8	23.5	73.3	26.7	100.0
1962...	68.7	7.8	76.4	23.6	100.0	48.9	24.6	73.5	26.5	100.0
1963...	68.9	7.6	76.5	23.5	100.0	48.3	25.4	73.7	26.3	100.0
1964...	70.0	8.4	78.4	21.6	100.0	48.1	27.0	75.1	24.9	100.0
1965...	70.8	8.2	79.1	20.9	100.0	48.5	28.2	76.7	23.3	100.0
1966...	69.5	9.1	78.5	21.5	100.0	47.7	29.8	77.6	22.4	100.0
1967...	68.7	8.5	77.3	22.7	100.0	47.3	29.3	76.6	23.4	100.0
1968...	66.8	9.2	76.0	24.0	100.0	48.4	27.1	75.5	24.5	100.0
1969...	70.8	7.6	78.4	21.6	100.0	48.8	27.5	76.3	23.7	100.0
1970...	71.6	7.2	78.8	21.2	100.0	48.2	27.6	75.8	24.2	100.0
1971...	73.3	8.1	81.4	18.6	100.0	50.6	26.3	76.9	23.1	100.0
1972...	74.6	8.7	83.2	16.8	100.0	50.3	26.9	77.2	22.8	100.0
1973...	72.6	10.1	82.6	17.4	100.0	49.5	28.2	77.8	22.2	100.0
1974...	73.2	10.8	84.0	16.0	100.0	49.4	28.8	78.2	21.8	100.0
1975...	74.2	10.7	84.9	15.1	100.0	49.7	29.3	79.0	21.0	100.0
1976...	73.9	10.1	84.0	16.0	100.0	50.8	28.0	78.7	21.3	100.0
1977...	73.7	9.8	83.6	16.4	100.0	50.4	27.6	78.0	22.0	100.0
1978...	73.4	10.2	83.5	16.5	100.0	49.1	28.4	77.4	22.6	100.0
1979...	72.8	9.6	82.4	17.6	100.0	47.6	29.9	77.5	22.5	100.0
1980...	70.8	10.4	81.2	18.8	100.0	46.7	30.3	77.0	23.0	100.0
1981...	69.5	12.0	81.4	18.6	100.0	47.0	31.2	78.2	21.8	100.0
1982...	69.5	10.7	80.2	19.8	100.0	46.6	30.3	76.9	23.1	100.0
1983...	68.0	11.4	79.4	20.6	100.0	46.8	28.5	75.3	24.7	100.0
1984...	65.1	15.6	80.7	19.3	100.0	45.0	29.1	74.1	25.9	100.0
1985...	70.2	14.7	84.9	15.1	100.0	49.7	27.7	77.4	22.6	100.0
1986...	69.6	14.6	84.2	15.8	100.0	49.5	28.8	78.3	21.7	100.0
1987...	70.8	13.6	84.4	15.6	100.0	48.9	29.4	78.2	21.8	100.0

Reference Table 20
Private and Public Investment by Region
Capital Expenditures
 1956 – 1987
 (millions of dollars)

Year	Nfld.	P.E.I.	N.S.	N.B.	Atlantic Region	Que.	Ont.	Man.	Sask.	Alta.	Prairie Region	B.C.	Yukon N.W.T
1956.....	100	24	192	196	512	1,883	2,892	376	493	929	1,797	—	—
1957.....	103	22	194	165	484	2,057	3,307	379	462	854	1,695	—	—
1958.....	108	30	189	186	513	2,120	3,143	419	484	913	1,817	—	—
1959.....	116	37	229	204	586	2,148	2,939	492	473	966	1,932	—	—
1960.....	149	38	238	183	607	2,053	2,889	491	476	958	1,925	—	—
1961.....	186	39	227	173	625	2,002	2,829	417	463	1,046	1,926	—	—
1962.....	261	42	223	179	705	2,148	3,033	423	521	989	1,932	—	—
1963.....	234	42	231	188	696	2,283	3,284	486	606	1,022	2,115	—	—
1964.....	232	39	271	257	799	2,839	3,733	520	651	1,138	2,309	—	—
1965.....	228	58	318	335	938	3,221	4,458	530	757	1,307	2,593	—	—
1966.....	340	57	411	390	1,198	3,441	5,289	651	921	1,553	3,125	1,967	70
1967.....	360	46	463	378	1,246	3,204	5,417	714	959	1,667	3,340	2,036	103
1968.....	387	41	461	330	1,219	3,175	5,579	820	943	1,723	3,486	1,883	114
1969.....	395	44	552	392	1,383	3,376	6,307	901	755	1,914	3,570	2,143	148
1970.....	503	54	607	471	1,635	3,418	6,928	871	603	1,957	3,431	2,233	153
1971.....	678	73	628	497	1,876	4,150	7,460	812	664	2,139	3,615	2,899	184
1972.....	607	72	613	487	1,779	4,824	8,237	970	824	2,383	4,177	2,895	306
1973.....	634	124	825	636	2,219	5,827	9,715	1,143	979	2,931	5,053	3,433	372
1974.....	698	118	893	976	2,685	7,398	11,816	1,379	1,262	3,831	6,472	4,096	416
1975.....	714	118	922	1,159	2,913	9,170	12,920	1,521	1,780	5,007	8,308	4,423	482
1976.....	829	111	1,041	1,177	3,159	9,813	13,948	1,812	2,180	7,003	10,995	5,197	525
1977.....	712	131	1,041	1,155	3,038	10,702	14,732	1,897	2,269	7,826	11,992	5,593	540
1978.....	784	172	1,190	1,310	3,456	10,794	15,561	2,018	2,393	9,431	13,842	6,201	506
1979.....	1,035	201	1,323	1,652	4,211	11,854	17,093	2,041	3,104	11,920	17,064	7,451	681
1980.....	1,087	207	1,446	1,469	4,209	12,819	19,106	2,024	3,325	14,210	19,559	9,519	982
1981.....	1,239	177	1,858	1,507	4,781	13,739	22,741	2,276	4,027	18,497	24,801	11,885	1,657
1982.....	1,517	182	2,270	1,673	5,643	13,098	22,423	1,955	3,492	17,962	23,409	10,102	2,087
1983.....	1,690	203	2,705	1,489	6,087	13,947	22,724	2,184	3,745	13,545	19,474	9,346	1,942
1984.....	1,800	224	2,545	1,574	6,143	15,748	24,891	2,538	3,664	11,874	18,076	8,787	1,733
1985.....	1,956	272	2,756	1,967	6,950	19,240	31,864	3,200	4,093	13,589	20,882	10,189	1,378
1986.....	1,943	313	2,786	1,880	6,922	20,862	37,710	3,562	3,682	12,477	19,721	9,353	1,139
1987.....	1,810	305	2,828	1,970	6,912	21,843	40,067	3,645	3,980	12,394	20,019	9,786	741

Note: 1985 figures are actual, 1986 figures are preliminary actual, 1987 figures are intentions.

Source: Statistics Canada, *Private and Public Investment in Canada* (61-205).

Reference Table 21
Business Capital Expenditures by Region⁽¹⁾
 1956 – 1987
 (millions of dollars)

Year	Nfld.	P.E.I.	N.S.	N.B.	Atlantic Region	Que	Ont.	Man.	Sask.	Alta.	Prairie Region	B.C. ⁽²⁾	Yukon and N.W.T.	Canada
1956.....	48	12	100	100	261	1,093	1,788	214	376	609	1,199	721	—	5,062
1957.....	56	10	93	83	243	1,318	2,200	248	329	539	1,116	893	—	5,770
1958.....	45	16	89	84	233	1,262	1,827	268	334	549	1,150	529	—	5,000
1959.....	54	14	100	120	288	1,317	1,638	320	311	588	1,218	489	—	4,951
1960.....	72	16	109	102	298	1,287	1,676	309	314	628	1,251	504	—	5,016
1961.....	117	18	112	90	337	1,223	1,591	234	293	708	1,235	543	—	4,929
1962.....	191	16	102	96	405	1,238	1,731	262	326	601	1,189	558	—	5,122
1963.....	142	20	121	112	394	1,319	1,839	313	425	692	1,431	607	—	5,590
1964.....	126	20	160	159	466	1,656	2,221	316	460	795	1,570	847	—	6,761
1965.....	113	20	169	219	521	1,909	2,690	328	521	922	1,771	1,143	—	8,035
1966.....	208	20	225	249	702	2,225	3,313	406	666	1,073	2,145	1,360	36	9,780
1967.....	232	22	274	215	742	1,970	3,257	477	702	1,125	2,303	1,377	59	9,708
1968.....	246	19	248	176	689	1,853	3,123	547	675	1,159	2,381	1,200	71	9,318
1969.....	279	19	298	245	841	1,847	3,619	539	513	1,271	2,323	1,355	103	10,087
1970.....	375	20	378	279	1,052	1,883	4,340	528	408	1,363	2,300	1,463	108	11,146
1971.....	489	20	373	304	1,185	2,141	4,377	463	444	1,376	2,282	1,896	128	12,010
1972.....	397	23	376	260	1,056	2,719	4,696	581	577	1,587	2,745	1,691	226	13,132
1973.....	368	41	527	326	1,262	3,421	5,622	724	676	2,067	3,466	2,058	298	16,127
1974.....	350	45	526	571	1,492	4,468	7,058	914	819	2,720	4,453	2,441	321	20,232
1975.....	330	45	508	715	1,597	5,880	8,363	1,070	1,149	3,556	5,775	2,621	358	24,594
1976.....	395	51	550	657	1,653	5,676	8,409	1,218	1,348	4,732	7,298	2,821	394	26,251
1977.....	345	63	582	691	1,681	6,320	8,989	1,208	1,398	5,299	7,905	3,201	410	28,505
1978.....	406	68	653	801	1,928	6,782	9,802	1,200	1,520	6,214	8,934	3,746	336	31,528
1979.....	609	80	771	1,077	2,538	7,797	11,412	1,363	2,075	8,332	11,769	4,947	497	38,960
1980.....	629	105	926	976	2,636	8,760	13,647	1,458	2,390	10,433	14,281	6,254	804	46,382
1981.....	831	88	1,219	1,038	3,176	9,432	16,356	1,672	3,127	13,612	18,411	7,478	1,486	56,340
1982.....	1,098	107	1,655	1,174	4,034	9,354	16,287	1,416	2,625	12,904	16,945	6,819	1,915	55,354
1983.....	1,139	113	1,925	823	4,000	8,566	15,346	1,360	2,700	9,631	13,692	5,966	1,768	49,338
1984.....	1,245	108	1,682	896	3,931	9,613	16,679	1,625	2,678	9,024	13,327	5,762	1,497	50,810
1985.....	1,269	107	1,637	1,036	4,048	10,343	19,502	1,801	2,797	9,967	14,565	5,915	1,108	55,481
1986.....	1,144	116	1,517	916	3,693	11,083	22,730	1,976	2,344	8,692	13,011	5,100	777	56,394
1987.....	1,003	113	1,490	967	3,573	12,103	24,035	2,014	2,573	8,652	13,239	5,538	325	58,813

Note: 1985 figures are actual, 1986 are preliminary actuals, 1987 figures are intentions.

(1) Total private and public expenditures minus housing, institutions and government departments.

(2) 1956 to 1965 includes figures for Yukon and Northwest Territories.

Source: Statistics Canada, *Private and Public Investment in Canada* (61-205).

Table 21.1
Change in Business Capital Expenditures by Region
 1957 – 1987
 (per cent)

Year	Nfld.	P.E.I.	N.S.	N.B.	Atlantic Region	Que.	Ont.	Man.	Sask.	Alta.	Prairie Region	B.C.	Yukon and N.W.T.	Canada
1957....	16.0	-16.3	-7.2	-16.7	-7.0	20.6	23.0	16.1	-12.6	-11.5	-6.9	23.8	—	14.0
1958....	-20.1	50.5	-4.5	0.6	-4.0	-4.3	-17.0	7.8	1.6	1.8	3.1	-40.8	—	-13.3
1959....	21.3	-9.0	12.6	42.8	23.7	4.4	-10.3	19.4	-6.8	7.1	5.9	-7.5	—	-1.0
1960....	32.4	13.5	8.4	-14.6	3.6	-2.3	2.3	-3.3	1.0	6.8	2.7	3.0	—	1.3
1961....	63.9	11.9	2.7	-11.7	12.9	-5.0	-5.0	-24.2	-6.8	12.9	-1.2	7.7	—	1.7
1962....	63.1	-11.2	-8.2	6.4	20.4	1.3	8.7	11.9	11.3	-15.1	-3.7	2.9	—	3.9
1963....	-25.5	24.5	17.8	16.2	-2.7	6.5	6.3	19.6	30.5	15.2	20.4	8.6	—	9.1
1964....	-11.2	0.5	33.0	42.8	18.2	25.5	20.8	0.8	8.1	14.8	9.7	39.6	—	20.9
1965....	-10.7	2.5	5.4	37.2	11.8	15.3	21.1	3.8	13.2	16.1	12.8	35.0	—	18.8
1966....	84.1	-3.4	32.9	13.9	34.6	16.5	23.1	23.9	27.8	16.3	21.1	18.9	—	21.7
1967....	11.5	9.6	22.0	-13.8	5.8	-11.5	-1.7	17.3	5.4	4.8	7.4	1.3	60.7	-0.7
1968....	5.9	-9.7	-9.4	-18.2	-7.2	-5.9	-4.1	14.8	-3.8	3.0	3.4	-12.9	21.4	-4.0
1969....	13.8	-0.5	19.9	39.3	22.1	-0.4	15.9	-1.4	-23.9	9.7	-2.4	12.9	44.9	8.3
1970....	34.3	2.1	27.0	14.2	25.1	2.0	19.9	-2.0	-20.4	7.3	-1.0	7.9	4.7	10.5
1971....	30.3	0.5	-1.2	8.7	12.6	13.7	0.8	-12.4	8.7	0.9	-0.8	29.6	18.9	7.7
1972....	-18.8	17.6	0.7	-14.3	-10.9	27.0	7.3	25.5	29.9	15.4	20.2	-10.8	76.4	9.3
1973....	-7.4	76.5	40.2	25.3	19.5	25.8	19.7	24.7	17.1	30.2	26.3	21.7	31.7	22.8
1974....	-4.9	9.7	-0.2	75.0	18.2	30.6	25.5	26.4	21.2	31.6	28.5	18.6	7.9	25.5
1975....	-5.6	-1.3	-3.4	25.2	7.1	31.6	18.5	17.0	40.3	30.7	29.7	7.4	11.3	21.6
1976....	19.7	13.9	8.2	-8.0	3.5	-3.5	0.5	13.8	17.4	33.1	26.4	7.7	10.2	6.7
1977....	-12.7	24.2	5.8	5.1	1.7	11.3	6.9	-0.8	3.7	12.0	8.3	13.4	4.0	8.6
1978....	17.6	7.0	12.3	16.0	14.7	7.3	9.0	-0.7	8.8	17.3	13.0	17.0	-17.9	10.6
1979....	50.2	19.1	18.1	34.4	31.7	15.0	16.4	13.6	36.5	34.1	31.7	32.1	47.9	23.6
1980....	3.3	30.3	20.1	-9.4	3.9	12.3	19.6	7.0	15.2	25.2	21.3	26.4	61.6	19.0
1981....	32.0	-15.7	31.7	6.3	20.5	7.7	19.9	14.7	30.9	30.5	28.9	19.6	84.9	21.5
1982....	32.2	20.7	35.8	13.1	27.0	-0.8	-0.4	-15.3	-16.1	-5.2	-8.0	-8.8	28.8	-1.7
1983....	3.7	6.0	16.3	-29.9	-0.8	-8.4	-5.8	-4.0	2.9	-25.4	-19.2	-12.5	-7.7	-10.9
1984....	9.3	-4.7	-12.6	8.9	-1.7	12.2	8.7	19.4	-0.8	-6.3	-2.7	-3.4	-15.3	3.0
1985....	1.9	-0.6	-2.7	15.6	3.0	7.6	16.9	10.9	4.4	10.4	9.3	2.7	-26.0	9.2
1986....	-9.8	8.0	-7.3	-11.5	-8.8	7.1	16.6	9.7	-16.2	-12.8	-10.7	-13.8	-29.8	1.6
1987....	-12.3	-2.4	-1.8	5.5	-3.2	9.2	5.7	1.9	9.8	-0.5	1.8	8.6	-58.2	4.3

Reference Table 22
Dwelling Starts, Completions and Under Construction
1948 – 1986
(bnumber of units)

Year	Starts			Completions			Under construction ⁽¹⁾	
	Centres of 5,000 population and over ⁽²⁾	Other areas	Total	Centres of 5,000 population and over ⁽²⁾	Other areas	Total	Centres of 5,000 population and over ⁽²⁾	Total
1948.....	57,888	32,306	90,194	48,006	28,091	76,097	39,217	56,456
1949.....	58,125	32,384	90,509	59,785	28,448	88,233	37,344	58,169
1950.....	68,599	23,932	92,531	62,847	26,168	89,015	41,510	60,538
1951.....	47,374	21,205	68,579	61,167	20,143	81,310	26,783	45,926
1952.....	63,443	19,803	83,246	54,346	18,741	73,087	36,998	55,689
1953.....	80,313	22,096	102,409	73,375	23,464	96,839	42,808	59,923
1954.....	89,755	23,772	113,527	80,593	21,372	101,965	51,302	68,641
1955.....	97,386	40,890	138,276	93,942	33,987	127,929	53,677	79,339
1956.....	87,309	40,002	127,311	95,152	40,548	135,700	44,386	68,579
1957.....	84,875	37,465	122,340	80,995	36,288	117,283	49,508	72,573
1958.....	121,695	42,937	164,632	107,839	38,847	146,686	63,080	88,162
1959.....	105,991	35,354	141,345	108,059	37,612	145,671	59,879	81,905
1960.....	76,687	32,171	108,858	90,513	33,244	123,757	44,975	65,773
1961.....	92,741	32,836	125,577	83,148	32,460	115,608	53,195	73,583
1962.....	102,008	28,087	130,095	98,530	28,152	126,682	59,387	76,153
1963.....	118,512	30,112	148,624	99,133	29,058	128,191	77,929	96,613
1964.....	133,562	32,096	165,658	121,378	29,585	150,963	88,493	107,718
1965.....	135,218	31,347	166,565	122,197	30,840	153,037	99,815	119,854
1966.....	108,329	26,145	134,474	134,569	27,623	162,192	71,477	88,621
1967.....	131,858	32,265	164,123	120,163	29,079	149,242	82,616	102,716
1968.....	162,267	34,611	196,878	136,337	34,656	170,993	106,834	126,638
1969.....	169,739	40,676	210,415	159,089	36,737	195,826	114,386	137,357
1970.....	150,999	39,529	190,528	138,576	37,251	175,827	123,901	148,185
1971.....	180,948	52,705	233,653	155,892	45,340	201,232	145,885	177,257
1972.....	206,954	42,960	249,914	192,984	39,243	232,227	163,318	188,630
1973.....	211,543	56,986	268,529	197,513	49,068	246,581	174,852	207,236
1974.....	169,437	52,686	222,123	202,989	54,254	257,243	138,360	168,406
1975.....	181,846	49,610	231,456	170,325	46,639	216,964	146,517	176,599
1976.....	209,762	63,441	273,203	180,765	55,484	236,249	168,282	204,286
1977.....	200,201	45,523	245,724	206,217	45,572	251,789	158,216	185,599
1978.....	178,678	48,989	227,667	198,777	47,756	246,533	135,239	164,702
1979.....	151,717	45,332	197,049	178,604	47,885	226,489	103,414	128,601
1980.....	125,013	33,588	158,601	140,996	35,172	176,168	84,195	105,780
1981.....	142,441	35,532	177,973	137,955	37,041	174,996	85,515	102,829
1982.....	104,792	21,068	125,860	112,251	21,691	133,942	74,685	89,055
1983.....	134,207	28,438	162,645	135,848	27,160	163,008	70,118	84,930
1984.....	110,874	24,026	134,900	127,303	25,709	153,012	50,995	63,899
1985.....	139,408	26,418	165,826	117,750	21,356	139,106	71,667	86,366
1986.....	170,863	28,922	199,785	156,072	28,533	184,605	86,400	101,440

⁽¹⁾ At end of period.

⁽²⁾ Data for years after 1967 based on areas of 10,000 population and over.

Note: Data for 1962 to 1965 are based on 1961 Census area definitions, for 1966 to 1971 on 1966 Census area definitions, for 1972 to 1976 on 1971 Census area definitions, and for 1977 to 1981 on 1976 Census area definitions. Subsequent data are based on 1981 Census area definitions.

Source: Canada Mortgage and Housing Corporation, *Canadian Housing Statistics*.

Reference Table 23

Dwelling Starts and Completions, by Type

1955 – 1986

(number of units)

Year	Starts					Completions				
	Single detached	Semi-detached and duplex	Row	Apartments	Total	Single detached	Semi-detached and duplex	Row	Apartments	Total
1955.....	99,003	10,606	1,909	26,758	138,276	90,553	8,278	1,547	27,551	127,929
1956.....	90,620	9,441	2,263	24,987	127,311	95,656	11,872	2,137	26,035	135,700
1957.....	82,955	9,272	2,214	27,899	122,340	81,096	8,464	2,350	25,373	117,283
1958.....	104,508	10,713	2,457	46,954	164,632	96,830	10,004	2,226	37,626	146,686
1959.....	92,178	10,468	1,908	36,791	141,345	95,455	10,923	2,308	36,985	145,671
1960.....	67,171	9,699	2,301	29,687	108,858	78,113	9,911	1,616	34,117	123,757
1961.....	76,430	11,650	1,864	35,633	125,577	76,171	10,593	2,019	26,825	115,608
1962.....	74,443	10,975	3,742	40,935	130,095	75,593	11,922	2,451	36,716	126,682
1963.....	77,158	7,891	3,895	59,680	148,624	71,585	7,150	3,487	45,969	128,191
1964.....	77,079	8,706	4,755	75,118	165,658	76,225	8,091	3,861	62,786	150,963
1965.....	75,441	7,924	5,306	77,894	166,565	75,104	8,730	4,097	65,106	153,037
1966.....	70,642	7,281	5,000	51,551	134,474	73,858	7,707	6,412	74,215	162,192
1967.....	72,534	9,939	7,392	74,258	164,123	73,631	9,089	5,431	61,091	149,242
1968.....	75,339	10,114	8,042	103,383	196,878	74,640	10,098	7,896	78,359	170,993
1969.....	78,404	10,373	10,721	110,917	210,415	78,584	10,483	7,827	98,932	195,826
1970.....	70,749	10,826	17,055	91,898	190,528	66,615	9,066	11,473	88,673	175,827
1971.....	98,056	13,751	15,659	106,187	233,653	82,978	12,518	16,795	88,941	201,232
1972.....	115,570	13,649	16,980	103,715	249,914	106,508	13,184	14,416	98,119	232,227
1973.....	131,552	13,235	17,291	106,451	268,529	122,696	13,479	14,832	95,574	246,581
1974.....	122,143	11,023	14,932	74,025	222,123	129,704	12,509	19,225	95,805	257,243
1975.....	123,929	15,403	21,763	70,361	231,456	113,409	12,303	16,095	75,157	216,964
1976.....	134,313	15,890	33,676	89,324	273,203	128,623	15,160	21,172	71,294	236,249
1977.....	108,403	18,373	26,621	92,327	245,724	117,792	17,281	31,561	85,155	251,789
1978.....	110,029	19,932	20,379	77,327	227,667	106,195	19,155	26,644	94,539	246,533
1979.....	109,117	16,296	13,249	58,387	197,049	112,105	18,071	18,860	77,453	226,489
1980.....	87,721	11,149	11,402	48,329	158,601	90,720	13,675	13,398	58,375	176,168
1981.....	89,071	11,768	15,525	61,609	177,973	98,412	12,831	13,252	50,501	174,996
1982.....	54,457	6,254	11,987	53,162	125,860	54,720	8,480	16,082	54,660	133,942
1983.....	102,385	6,615	9,521	44,124	162,645	95,320	7,129	9,747	50,812	163,008
1984.....	83,651	5,592	8,315	37,342	134,900	88,875	5,962	9,997	48,178	153,012
1985.....	98,624	6,338	9,288	51,576	165,826	84,894	6,082	7,672	40,458	139,106
1986.....	120,008	8,272	10,485	61,020	199,785	110,902	7,746	8,966	56,991	184,605

Source: Canada Mortgage and Housing Corporation, Canadian Housing Statistics.

Reference Table 24
Main Components of the Labour Market
 1966 – 1986
 (thousands of persons, rates in per cent)

Year	Population 15 years and over	Partici- pation rate	Labour force	Employment			Employment to population ratio	Unem- ployment	Unem- ployment rate
				Total	Full-time	Part-time			
1966.....	—	57.3	7,493	7,242	—	—	—	251	3.4
1967.....	—	57.6	7,747	7,451	—	—	—	296	3.8
1968.....	—	57.6	7,951	7,593	—	—	—	358	4.5
1969.....	—	57.9	8,194	7,832	—	—	—	362	4.4
1970.....	14,528	57.8	8,395	7,919	—	—	54.5	476	5.7
1971.....	14,872	58.1	8,639	8,104	—	—	54.5	535	6.2
1972.....	15,186	58.6	8,897	8,344	—	—	54.9	553	6.2
1973.....	15,526	59.7	9,276	8,761	—	—	56.4	515	5.5
1974.....	15,924	60.5	9,639	9,125	—	—	57.3	514	5.3
1975.....	16,323	61.1	9,974	9,284	8,296	988	56.9	690	6.9
1976.....	16,701	61.1	10,203	9,477	8,431	1,047	56.7	726	7.1
1977.....	17,051	61.6	10,500	9,651	8,524	1,128	56.6	849	8.1
1978.....	17,377	62.7	10,895	9,987	8,780	1,206	57.5	908	8.3
1979.....	17,702	63.4	11,231	10,395	9,094	1,301	58.7	836	7.4
1980.....	18,053	64.1	11,573	10,708	9,316	1,392	59.3	865	7.5
1981.....	18,375	64.8	11,904	11,006	9,519	1,487	59.9	898	7.5
1982.....	18,664	64.1	11,958	10,644	9,110	1,534	57.0	1,314	11.0
1983.....	18,917	64.4	12,183	10,734	9,083	1,651	56.7	1,448	11.9
1984.....	19,148	64.8	12,399	11,000	9,311	1,689	57.4	1,399	11.3
1985.....	19,372	65.2	12,639	11,311	9,555	1,757	58.4	1,328	10.5
1986.....	19,594	65.7	12,870	11,634	9,824	1,810	59.4	1,236	9.6

Note: Small differences in total may arise due to rounding.

Labour Force Survey data were first collected under the revised Labour Force Survey in January, 1975. In January, 1976, the Revised Survey replaced the former Survey. Revised data have been estimated back to 1966.

Source: Statistics Canada, *Historical Labour Force Statistics* (71-201).

Table 24.1
Change in Main Components of the Labour Market
 1967 – 1986

Year	Population 15 years and over	Labour force	Employment			Unem- ployment	Partici- pation rate	Employment to popula- tion ratio	Unem- ployment rate
			Total	Full-time	Part-time				
(per cent change)							(percentage point difference)		
1967	—	3.4	2.9	—	—	17.9	0.3	—	0.4
1968	—	2.6	1.9	—	—	20.9	0.0	—	0.7
1969	—	3.1	3.1	—	—	1.1	0.3	—	-0.1
1970	—	2.5	1.1	—	—	31.5	-0.1	—	1.3
1971	2.4	2.9	2.3	—	—	12.4	0.3	-0.0	0.5
1972	2.1	3.0	3.0	—	—	3.4	0.5	0.5	0.0
1973	2.2	4.3	5.0	—	—	-6.9	1.1	1.5	-0.7
1974	2.6	3.9	4.2	—	—	-0.2	0.8	0.9	-0.2
1975	2.5	3.5	1.7	—	—	34.2	0.6	-0.4	1.6
1976	2.3	2.3	2.1	1.6	5.9	5.2	0.0	-0.1	0.2
1977	2.1	2.9	1.8	1.1	7.7	16.9	0.5	-0.1	1.0
1978	1.9	3.8	3.5	3.0	7.0	6.9	1.1	0.9	0.2
1979	1.9	3.1	4.1	3.6	7.8	-7.9	0.7	1.2	-0.9
1980	2.0	3.0	3.0	2.4	7.0	3.5	0.7	0.6	0.1
1981	1.8	2.9	2.8	2.2	6.8	3.8	0.7	0.6	0.0
1982	1.6	0.5	-3.3	-4.3	3.1	46.3	-0.7	-2.9	3.5
1983	1.4	1.9	0.8	-0.3	7.7	10.2	0.3	-0.3	0.9
1984	1.2	1.8	2.5	2.5	2.3	-3.4	0.4	0.7	-0.6
1985	1.2	1.9	2.8	2.6	4.0	-5.1	0.4	0.9	-0.8
1986	1.1	1.8	2.9	2.8	3.0	-6.9	0.5	1.0	-0.9

Reference Table 25

Labour Force and Employment by Sex and Age Groups1966 – 1986⁽¹⁾

(thousands)

Year	Male				Female				Total
	Total	15-24	25 +	25-54	Total	15-24	25 +	25-54	
Labour Force									
1966.....	5,147	1,025	4,122	3,320	2,346	785	1,561	1,291	7,493
1967.....	5,261	1,078	4,183	3,371	2,485	833	1,653	1,372	7,747
1968.....	5,354	1,114	4,240	3,413	2,597	879	1,718	1,421	7,951
1969.....	5,465	1,147	4,318	3,474	2,728	919	1,809	1,494	8,194
1970.....	5,571	1,190	4,381	3,525	2,824	940	1,883	1,564	8,395
1971.....	5,667	1,232	4,435	3,590	2,972	997	1,975	1,638	8,639
1972.....	5,797	1,290	4,507	3,666	3,101	1,032	2,068	1,739	8,897
1973.....	5,973	1,367	4,606	3,769	3,303	1,102	2,202	1,853	9,276
1974.....	6,163	1,450	4,713	3,876	3,477	1,168	2,308	1,967	9,639
1975.....	6,294	1,485	4,809	3,949	3,680	1,217	2,463	2,119	9,974
1976.....	6,368	1,496	4,872	4,036	3,836	1,243	2,592	2,233	10,203
1977.....	6,505	1,541	4,964	4,114	3,996	1,277	2,719	2,345	10,500
1978.....	6,657	1,577	5,080	4,213	4,239	1,324	2,914	2,522	10,895
1979.....	6,811	1,624	5,187	4,305	4,420	1,377	3,043	2,632	11,231
1980.....	6,935	1,643	5,292	4,398	4,638	1,418	3,221	2,802	11,573
1981.....	7,053	1,649	5,404	4,507	4,851	1,426	3,425	2,993	11,904
1982.....	7,031	1,566	5,466	4,565	4,926	1,387	3,539	3,098	11,958
1983.....	7,098	1,541	5,557	4,657	5,084	1,375	3,709	3,257	12,183
1984.....	7,169	1,529	5,639	4,738	5,231	1,362	3,868	3,411	12,399
1985.....	7,257	1,507	5,751	4,848	5,382	1,355	4,027	3,566	12,639
1986.....	7,347	1,507	5,840	4,950	5,523	1,344	4,179	3,727	12,870
Employment									
1966.....	4,975	961	4,014	3,241	2,267	747	1,519	—	7,242
1967.....	5,058	1,001	4,058	3,276	2,393	787	1,606	—	7,451
1968.....	5,110	1,017	4,093	3,300	2,483	821	1,662	—	7,593
1969.....	5,230	1,052	4,178	3,368	2,601	860	1,742	—	7,832
1970.....	5,260	1,057	4,203	3,388	2,660	860	1,800	—	7,919
1971.....	5,329	1,083	4,245	3,441	2,775	899	1,876	—	8,104
1972.....	5,460	1,136	4,324	3,521	2,885	934	1,951	—	8,344
1973.....	5,678	1,230	4,448	3,644	3,083	1,000	2,083	—	8,761
1974.....	5,870	1,310	4,559	3,752	3,255	1,064	2,192	—	9,125
1975.....	5,903	1,299	4,605	3,781	3,381	1,077	2,304	1,976	9,284
1976.....	5,964	1,298	4,666	3,862	3,513	1,093	2,420	2,077	9,477
1977.....	6,032	1,312	4,720	3,909	3,619	1,101	2,519	2,163	9,651
1978.....	6,156	1,340	4,816	3,991	3,830	1,141	2,689	2,317	9,987
1979.....	6,362	1,410	4,952	4,106	4,033	1,202	2,831	2,438	10,395
1980.....	6,459	1,418	5,041	4,181	4,249	1,239	3,011	2,611	10,708
1981.....	6,559	1,416	5,142	4,281	4,447	1,251	3,196	2,781	11,006
1982.....	6,254	1,235	5,019	4,176	4,390	1,164	3,226	2,812	10,644
1983.....	6,240	1,196	5,044	4,210	4,495	1,141	3,354	2,933	10,734
1984.....	6,367	1,232	5,135	4,300	4,633	1,142	3,492	3,064	11,000
1985.....	6,508	1,232	5,276	4,441	4,804	1,157	3,647	3,218	11,311
1986.....	6,657	1,258	5,399	4,568	4,977	1,159	3,818	3,396	11,634

⁽¹⁾ See note on reference table 24.Source: Statistics Canada, *Historical Labour Force Statistics* (71-201).

Reference Table 26

Participation and Unemployment Rates by Sex and Age Groups1966 – 1986⁽¹⁾

(per cent)

Year	Male				Female				Total
	Total	15-24	25 +	25-54	Total	15-24	25 +	25-54	
Participation rates									
1966.....	79.8	64.1	84.9	96.5	35.4	48.4	31.2	—	57.3
1967.....	79.3	64.1	84.5	96.2	36.5	49.1	32.3	—	57.6
1968.....	78.6	63.3	84.0	95.7	37.1	49.8	32.8	—	57.6
1969.....	78.3	62.7	83.8	95.6	38.0	50.2	33.8	—	57.9
1970.....	77.8	62.5	83.3	95.3	38.3	49.5	34.5	—	57.8
1971.....	77.3	62.7	82.7	95.2	39.4	50.8	35.4	—	58.1
1972.....	77.5	64.4	82.3	95.0	40.2	51.8	36.2	—	58.6
1973.....	78.2	66.8	82.3	95.3	41.9	54.2	37.6	—	59.7
1974.....	78.7	68.9	82.2	95.4	43.0	56.0	38.5	—	60.5
1975.....	78.4	68.8	81.9	94.8	44.4	56.8	40.0	50.5	61.1
1976.....	77.6	67.9	81.1	94.8	45.2	56.8	41.1	52.1	61.1
1977.....	77.7	68.9	80.9	94.7	46.0	57.5	42.1	53.6	61.6
1978.....	78.1	69.7	81.1	95.0	47.9	59.0	44.1	56.6	62.7
1979.....	78.5	71.3	81.0	95.1	49.0	61.0	45.0	57.8	63.4
1980.....	78.4	71.8	80.7	94.8	50.4	62.6	46.4	60.1	64.1
1981.....	78.4	72.3	80.5	94.9	51.7	63.2	48.1	62.7	64.8
1982.....	77.0	69.3	79.5	93.9	51.7	62.3	48.5	63.3	64.1
1983.....	76.7	69.2	79.1	93.8	52.6	62.8	49.6	65.1	64.4
1984.....	76.6	69.9	78.6	93.5	53.5	63.6	50.6	66.7	64.8
1985.....	76.7	70.1	78.6	93.8	54.3	64.6	51.6	68.2	65.2
1986.....	76.7	71.5	78.2	93.9	55.1	65.6	52.4	69.8	65.7
Unemployment rates									
1966.....	3.3	6.3	2.6	2.4	3.4	4.8	2.7	—	3.4
1967.....	3.9	7.2	3.0	2.8	3.7	5.5	2.8	—	3.8
1968.....	4.6	8.7	3.5	3.3	4.4	6.5	3.3	—	4.5
1969.....	4.3	8.3	3.2	3.0	4.7	6.5	3.7	—	4.4
1970.....	5.6	11.2	4.1	3.9	5.8	8.6	4.4	—	5.7
1971.....	6.0	12.0	4.3	4.2	6.6	9.8	5.0	—	6.2
1972.....	5.8	11.9	4.1	4.0	7.0	9.6	5.7	—	6.2
1973.....	4.9	10.0	3.4	3.3	6.7	9.2	5.4	—	5.5
1974.....	4.8	9.6	3.3	3.2	6.4	8.9	5.1	—	5.3
1975.....	6.2	12.5	4.3	4.3	8.1	11.4	6.5	6.8	6.9
1976.....	6.3	13.2	4.2	4.3	8.4	12.1	6.6	7.0	7.1
1977.....	7.3	14.9	4.9	5.0	9.4	13.8	7.4	7.8	8.1
1978.....	7.5	15.0	5.2	5.3	9.6	13.8	7.7	8.1	8.3
1979.....	6.6	13.2	4.5	4.6	8.8	12.7	7.0	7.4	7.4
1980.....	6.9	13.7	4.8	4.9	8.4	12.6	6.5	6.8	7.5
1981.....	7.0	14.1	4.8	5.0	8.3	12.3	6.7	7.1	7.5
1982.....	11.1	21.1	8.2	8.5	10.9	16.1	8.8	9.2	11.0
1983.....	12.1	22.4	9.2	9.6	11.6	17.0	9.6	9.9	11.9
1984.....	11.2	19.4	8.9	9.2	11.4	16.2	9.7	10.2	11.3
1985.....	10.3	18.2	8.3	8.4	10.7	14.6	9.4	9.8	10.5
1986.....	9.4	16.5	7.6	7.7	9.9	13.8	8.6	8.9	9.6

⁽¹⁾ See note on reference table 24.Source: Statistics Canada, *Historical Labour Force Statistics* (71-201).

Reference Table 27

Participation Rates, Canada and by Region1966 – 1986⁽¹⁾

Year	Nfld.	P.E.I.	N.S.	N.B.	Atlantic region	Que.	Ont.	Man.	Sask.	Alta.	Prairie region	B.C.	Canada
1966	44.8	54.3	52.5	51.3	50.4	56.0	59.8	57.4	54.0	61.7	58.3	56.7	57.3
1967	45.0	53.6	52.9	50.6	50.3	56.4	60.2	57.4	53.9	61.8	58.3	57.5	57.6
1968	44.3	52.5	52.7	50.6	50.0	55.6	60.3	59.0	55.0	62.7	59.5	57.6	57.6
1969	43.7	54.4	52.8	50.3	49.9	55.9	60.5	58.1	55.4	63.4	59.7	58.2	57.9
1970	43.4	51.5	52.3	49.9	49.4	55.4	60.5	58.7	55.3	63.6	60.0	58.7	57.8
1971	45.0	54.3	52.2	49.8	49.8	56.0	60.9	59.3	55.3	63.0	60.0	58.3	58.1
1972	46.2	54.1	52.1	51.2	50.4	55.9	61.7	59.6	56.5	63.8	60.7	58.8	58.6
1973	49.2	54.6	53.7	52.8	52.4	57.6	62.4	60.7	57.3	64.8	61.7	59.6	59.7
1974	49.2	55.4	55.8	53.3	53.4	58.0	63.4	61.5	57.9	65.6	62.5	60.3	60.5
1975	49.4	56.5	55.3	53.8	53.5	58.5	64.1	60.9	59.2	66.1	63.0	61.1	61.1
1976	49.4	56.7	55.1	53.6	53.3	58.3	63.8	61.2	60.5	67.0	63.8	61.3	61.1
1977	50.6	56.9	55.1	53.6	53.7	58.9	64.3	61.6	61.6	67.2	64.4	61.6	61.6
1978	51.5	57.7	56.2	54.8	54.7	59.9	65.4	63.0	62.1	68.4	65.5	63.0	62.7
1979	52.3	59.0	56.6	55.0	55.2	60.2	66.5	63.6	62.7	69.7	66.5	63.2	63.4
1980	52.7	59.2	57.4	55.6	55.8	61.2	66.7	64.5	63.0	70.9	67.5	64.1	64.1
1981	52.6	58.7	57.3	56.2	56.0	61.5	67.6	64.8	63.5	72.3	68.5	65.1	64.8
1982	52.1	57.8	57.0	55.0	55.2	60.0	67.3	64.9	63.9	71.4	68.2	64.3	64.1
1983	52.1	60.2	57.4	55.5	55.7	60.9	67.1	65.6	65.2	71.6	68.7	64.1	64.4
1984	52.9	60.2	59.3	55.1	56.4	61.5	67.4	65.7	65.1	72.1	69.0	64.0	64.8
1985	53.0	61.9	58.8	56.8	57.0	62.2	68.0	65.8	66.4	71.9	69.1	64.3	65.2
1986	53.0	62.3	59.3	57.5	57.4	62.4	68.5	66.4	66.9	72.1	69.5	65.1	65.7

⁽¹⁾ See note on reference table 24.Source: Statistics Canada, *Historical Labour Force Statistics* (71-201).

Reference Table 28
Labour Force, Canada and by Region
 1966 – 1986⁽¹⁾
 (thousands of persons)

Year	Nfld.	P.E.I.	N.S.	N.B.	Atlantic region	Que.	Ont.	Man.	Sask.	Alta.	Prairie region	B.C.	Canada
1966	131	37	251	196	615	2,113	2,787	361	332	569	1,262	716	7,493
1967	134	37	257	197	625	2,184	2,891	365	335	586	1,286	759	7,747
1968	136	37	261	201	635	2,205	2,980	382	345	615	1,342	789	7,951
1969	137	39	267	204	647	2,264	3,077	383	350	643	1,376	830	8,194
1970	139	37	271	205	652	2,288	3,177	392	347	667	1,406	871	8,395
1971	147	40	276	210	673	2,347	3,290	402	346	682	1,430	899	8,639
1972	154	41	280	220	695	2,383	3,410	408	351	711	1,470	938	8,897
1973	168	42	295	232	737	2,499	3,532	421	355	746	1,522	987	9,276
1974	171	44	313	239	767	2,570	3,686	435	360	781	1,576	1,040	9,639
1975	176	46	317	248	787	2,647	3,818	437	376	822	1,635	1,087	9,974
1976	181	47	322	253	803	2,689	3,882	446	393	873	1,712	1,117	10,203
1977	188	48	327	258	821	2,760	3,986	455	408	922	1,785	1,148	10,500
1978	194	50	338	268	850	2,839	4,133	470	418	983	1,871	1,202	10,895
1979	200	52	346	273	871	2,897	4,271	476	428	1,048	1,952	1,239	11,231
1980	205	53	356	280	894	2,988	4,350	484	437	1,120	2,041	1,301	11,573
1981	208	53	359	286	906	3,040	4,464	490	446	1,198	2,134	1,361	11,904
1982	209	52	361	282	904	2,998	4,508	496	455	1,227	2,178	1,370	11,958
1983	214	55	369	290	928	3,069	4,570	508	470	1,249	2,227	1,389	12,183
1984	221	56	387	291	955	3,123	4,666	515	477	1,254	2,246	1,410	12,399
1985	224	59	391	304	978	3,181	4,787	523	491	1,249	2,263	1,431	12,639
1986	226	60	398	312	996	3,221	4,897	533	495	1,271	2,299	1,457	12,870

⁽¹⁾ See note on reference table 24.

Source: Statistics Canada, *Historical Labour Force Statistics* (71-201).

Table 28.1
Change in Labour Force, Canada and by Region
 1967 – 1986
 (per cent)

Year	Nfld.	P.E.I.	N.S.	N.B.	Atlantic region	Que.	Ont.	Man.	Sask.	Alta.	Prairie region	B.C.	Canada
1967	2.3	0.0	2.4	0.5	1.6	3.4	3.7	1.1	0.9	3.0	1.9	6.0	3.4
1968	1.5	0.0	1.6	2.0	1.6	1.0	3.1	4.7	3.0	4.9	4.4	4.0	2.6
1969	0.7	5.4	2.3	1.5	1.9	2.7	3.3	0.3	1.4	4.6	2.5	5.2	3.1
1970	1.5	-5.1	1.5	0.5	0.8	1.1	3.2	2.3	-0.9	3.7	2.2	4.9	2.5
1971	5.8	8.1	1.8	2.4	3.2	2.6	3.6	2.6	-0.3	2.2	1.7	3.2	2.9
1972	4.8	2.5	1.4	4.8	3.3	1.5	3.6	1.5	1.4	4.3	2.8	4.3	3.0
1973	9.1	2.4	5.4	5.5	6.0	4.9	3.6	3.2	1.1	4.9	3.5	5.2	4.3
1974	1.8	4.8	6.1	3.0	4.1	2.8	4.4	3.3	1.4	4.7	3.5	5.4	3.9
1975	2.9	4.5	1.3	3.8	2.6	3.0	3.6	0.5	4.4	5.2	3.7	4.5	3.5
1976	2.8	2.2	1.6	2.0	2.0	1.6	1.7	2.1	4.5	6.2	4.7	2.8	2.3
1977	3.9	2.1	1.6	2.0	2.2	2.6	2.7	2.0	3.8	5.6	4.3	2.8	2.9
1978	3.2	4.2	3.4	3.9	3.5	2.9	3.7	3.3	2.5	6.6	4.8	4.7	3.8
1979	3.1	4.0	2.4	1.9	2.5	2.0	3.3	1.3	2.4	6.6	4.3	3.1	3.1
1980	2.5	1.9	2.9	2.6	2.6	3.1	1.8	1.7	2.1	6.9	4.6	5.0	3.0
1981	1.5	0.0	0.8	2.1	1.3	1.7	2.6	1.2	2.1	7.0	4.6	4.6	2.9
1982	0.5	-1.9	0.6	-1.4	-0.2	-1.4	1.0	1.2	2.0	2.4	2.1	0.7	0.5
1983	2.4	5.8	2.2	2.8	2.7	2.4	1.4	2.4	3.3	1.8	2.2	1.4	1.9
1984	3.3	1.8	4.9	0.3	2.9	1.8	2.1	1.4	1.5	0.4	0.9	1.5	1.8
1985	1.4	5.4	1.0	4.5	2.4	1.9	2.6	1.6	2.9	-0.4	0.8	1.5	1.9
1986	0.9	1.7	1.8	2.6	1.8	1.3	2.3	1.9	0.8	1.8	1.6	1.8	1.8

Reference Table 29
Employment, Canada and by Region
 1966 – 1986⁽¹⁾
 (thousands of persons)

Year	Nfld.	P.E.I.	N.S.	N.B.	Atlantic region	Que.	Ont.	Man.	Sask.	Alta.	Prairie region	B.C.	Canada
1966	123	35	239	186	583	2,027	2,714	351	327	555	1,233	684	7,242
1967	126	35	245	187	593	2,085	2,799	354	329	571	1,254	720	7,451
1968	126	34	248	190	598	2,081	2,873	367	337	595	1,299	742	7,593
1969	127	36	254	190	607	2,126	2,979	371	339	621	1,331	788	7,832
1970	129	35	256	192	612	2,128	3,037	371	333	633	1,337	805	7,919
1971	135	37	256	197	625	2,175	3,113	379	334	643	1,356	834	8,104
1972	140	36	261	205	642	2,205	3,239	386	336	671	1,393	865	8,344
1973	151	39	275	214	679	2,330	3,380	402	343	706	1,451	920	8,761
1974	149	41	292	221	703	2,401	3,523	419	350	754	1,523	976	9,125
1975	152	42	292	224	710	2,434	3,576	417	365	788	1,570	995	9,284
1976	157	42	292	226	717	2,456	3,643	425	378	838	1,641	1,021	9,477
1977	159	43	292	224	718	2,476	3,708	428	390	880	1,698	1,050	9,651
1978	162	45	303	234	744	2,530	3,835	439	398	937	1,774	1,103	9,987
1979	170	46	311	243	770	2,619	3,993	450	411	1,007	1,868	1,144	10,395
1980	178	47	321	249	795	2,694	4,053	458	417	1,078	1,953	1,213	10,708
1981	179	47	322	253	801	2,726	4,171	461	425	1,152	2,038	1,270	11,006
1982	174	45	313	243	775	2,584	4,067	454	426	1,132	2,012	1,204	10,644
1983	174	48	320	247	789	2,642	4,096	460	436	1,115	2,011	1,197	10,734
1984	176	49	337	248	810	2,722	4,243	472	439	1,114	2,025	1,202	11,000
1985	176	51	337	258	822	2,804	4,402	480	452	1,123	2,055	1,228	11,311
1986	181	52	344	267	844	2,866	4,555	493	457	1,146	2,096	1,274	11,634

(1) See note on reference table 24.

Source: Statistics Canada, *Historical Labour Force Statistics* (71-201).

Table 29.1
Change in Employment, Canada and by Region
 1967 – 1986
 (per cent)

Year	Nfld.	P.E.I.	N.S.	N.B.	Atlantic region	Que.	Ont.	Man.	Sask.	Alta.	Prairie region	B.C.	Canada
1967	2.4	0.0	2.5	0.5	1.7	2.9	3.1	0.9	0.6	2.9	1.7	5.3	2.9
1968	0.0	-2.9	1.2	1.6	0.8	-0.2	2.6	3.7	2.4	4.2	3.6	3.1	1.9
1969	0.8	5.9	2.4	0.0	1.5	2.2	3.7	1.1	0.6	4.4	2.5	6.2	3.1
1970	1.6	-2.8	0.8	1.1	0.8	0.1	1.9	0.0	-1.8	1.9	0.5	2.2	1.1
1971	4.7	5.7	0.0	2.6	2.1	2.2	2.5	2.2	0.3	1.6	1.4	3.6	2.3
1972	3.7	-2.7	2.0	4.1	2.7	1.4	4.0	1.8	0.6	4.4	2.7	3.7	3.0
1973	7.9	8.3	5.4	4.4	5.8	5.7	4.4	4.1	2.1	5.2	4.2	6.4	5.0
1974	-1.3	5.1	6.2	3.3	3.5	3.0	4.2	4.2	2.0	6.8	5.0	6.1	4.2
1975	2.0	2.4	0.0	1.4	1.0	1.4	1.5	-0.5	4.3	4.5	3.1	1.9	1.7
1976	3.3	0.0	0.0	0.9	1.0	0.9	1.9	1.9	3.6	6.3	4.5	2.6	2.1
1977	1.3	2.4	0.0	-0.9	0.1	0.8	1.8	0.7	3.2	5.0	3.5	2.8	1.8
1978	1.9	4.7	3.8	4.5	3.6	2.2	3.4	2.6	2.1	6.5	4.5	5.0	3.5
1979	4.9	2.2	2.6	3.8	3.5	3.5	4.1	2.5	3.3	7.5	5.3	3.7	4.1
1980	4.7	2.2	3.2	2.5	3.2	2.9	1.5	1.8	1.5	7.1	4.6	6.0	3.0
1981	0.6	0.0	0.3	1.6	0.8	1.2	2.9	0.7	1.9	6.9	4.4	4.7	2.8
1982	-2.8	-4.3	-2.8	-4.0	-3.2	-5.2	-2.5	-1.5	0.2	-1.7	-1.3	-5.2	-3.3
1983	0.0	6.7	2.2	1.6	1.8	2.2	0.7	1.3	2.3	-1.5	-0.0	-0.6	0.8
1984	1.1	2.1	5.3	0.4	2.7	3.0	3.6	2.6	0.7	-0.1	0.7	0.4	2.5
1985	0.0	4.1	0.0	4.0	1.5	3.0	3.7	1.7	3.0	0.8	1.5	2.2	2.8
1986	2.8	2.0	2.1	3.5	2.7	2.2	3.5	2.7	1.1	2.0	2.0	3.7	2.9

Reference Table 30
Unemployment, Canada and by Region
 1966 – 1986⁽¹⁾
 (thousands of persons)

Year	Nfld.	P.E.I.	N.S.	N.B.	Atlantic region	Que.	Ont.	Man.	Sask.	Alta.	Prairie region	B.C.	Canada
1966	8	0	12	10	30	86	72	10	5	14	29	33	251
1967	8	0	13	10	31	100	92	11	6	16	33	39	296
1968	10	0	13	11	34	124	107	15	8	20	43	47	358
1969	10	0	13	14	37	137	99	12	11	22	45	42	362
1970	10	0	14	13	37	160	139	21	15	34	70	67	476
1971	12	0	19	13	44	171	178	23	12	39	74	65	535
1972	14	4	20	15	53	178	171	22	16	40	78	73	553
1973	17	0	19	18	54	169	152	19	12	39	70	66	515
1974	22	0	21	18	61	169	164	16	10	27	53	64	514
1975	25	4	24	24	77	214	242	20	11	34	65	92	690
1976	24	4	31	28	87	233	239	21	15	35	71	96	726
1977	29	5	35	34	103	284	278	27	18	41	86	98	849
1978	31	5	36	34	106	308	298	31	20	46	97	99	908
1979	30	6	35	30	101	278	278	25	18	41	84	95	836
1980	27	6	35	31	99	294	297	27	19	42	88	88	865
1981	29	6	36	33	104	314	293	29	21	46	96	91	898
1982	35	7	47	40	129	413	440	42	28	95	165	166	1,314
1983	40	7	49	43	139	427	474	48	35	134	217	192	1,448
1984	45	7	51	44	147	400	423	43	38	140	221	208	1,399
1985	48	8	54	46	156	376	385	43	40	126	209	203	1,328
1986	45	8	53	45	151	356	342	41	38	125	204	183	1,236

⁽¹⁾ See note on reference table 24.

Source: Statistics Canada, *Historical Labour Force Statistics* (71-201).

Reference Table 31
Unemployment Rates, Canada and by Region
 1966 – 1986
 (per cent)

Year	Nfld.	P.E.I.	N.S.	N.B.	Atlantic region	Que.	Ont.	Man.	Sask.	Alta.	Prairie region	B.C.	Canada
1966	5.8	0.0	4.7	5.3	4.9	4.1	2.6	2.8	1.5	2.5	2.3	4.6	3.4
1967 ..	5.9	0.0	4.9	5.2	5.0	4.6	3.2	3.0	1.7	2.7	2.6	5.1	3.8
1968 ..	7.1	0.0	5.1	5.7	5.4	5.6	3.6	3.9	2.4	3.3	3.2	5.9	4.5
1969 ..	7.4	0.0	4.9	6.7	5.7	6.1	3.2	3.2	3.2	3.4	3.3	5.0	4.4
1970 ..	7.3	0.0	5.3	6.3	5.7	7.0	4.4	5.3	4.2	5.1	5.0	7.7	5.7
1971 ..	8.4	0.0	7.0	6.1	6.5	7.3	5.4	5.7	3.5	5.7	5.2	7.2	6.2
1972 ..	9.2	10.8	7.0	7.0	7.6	7.5	5.0	5.4	4.4	5.6	5.3	7.8	6.2
1973 ..	10.0	0.0	6.6	7.7	7.3	6.8	4.3	4.6	3.5	5.3	4.6	6.7	5.5
1974 ..	13.0	0.0	6.8	7.5	8.0	6.6	4.4	3.6	2.8	3.5	3.4	6.2	5.3
1975 ..	14.0	8.0	7.7	9.8	9.8	8.1	6.3	4.5	2.9	4.1	4.0	8.5	6.9
1976 ...	13.3	9.6	9.5	11.0	10.8	8.7	6.2	4.7	3.9	4.0	4.1	8.6	7.1
1977 ...	15.5	9.8	10.6	13.2	12.5	10.3	7.0	5.9	4.5	4.5	4.8	8.5	8.1
1978 ...	16.2	9.8	10.5	12.5	12.5	10.9	7.2	6.5	4.9	4.7	5.2	8.3	8.3
1979 ...	15.1	11.2	10.1	11.1	11.6	9.6	6.5	5.3	4.2	3.9	4.3	7.6	7.4
1980	13.3	10.6	9.7	11.0	11.1	9.8	6.8	5.5	4.4	3.7	4.3	6.8	7.5
1981	13.9	11.2	10.2	11.5	11.5	10.3	6.6	5.9	4.7	3.8	4.5	6.7	7.5
1982	16.8	12.9	13.2	14.0	14.3	13.8	9.8	8.5	6.2	7.7	7.6	12.1	11.0
1983 ...	18.8	12.2	13.2	14.8	15.0	13.9	10.4	9.4	7.4	10.8	9.7	13.8	11.9
1984 ...	20.5	12.8	13.1	14.9	15.4	12.8	9.1	8.3	8.0	11.2	9.8	14.7	11.3
1985	21.3	13.2	13.8	15.2	16.0	11.8	8.0	8.1	8.1	10.1	9.2	14.2	10.5
1986	20.0	13.4	13.4	14.4	15.2	11.0	7.0	7.7	7.7	9.8	8.9	12.6	9.6

Source: Statistics Canada, *Historical Labour Force Statistics* (71-201).

Reference Table 32
Employment by Industry
 1970 – 1986
 (thousands of persons)

Year	Total employment	Goods producing					Services producing					
		Total	Agriculture	Other primary	Manufacturing	Construction	Total	Transportation communication and utilities	Trade	Finance insurance and real estate	Community business and personal services	Public administration and defence
1970.....	7,919	2,964	513	216	1,768	467	4,955	698	1,328	379	2,040	510
1971.....	8,104	2,990	514	221	1,766	489	5,114	707	1,335	399	2,128	545
1972.....	8,344	3,014	483	214	1,823	494	5,330	734	1,417	398	2,202	579
1973.....	8,761	3,159	469	224	1,927	539	5,602	775	1,503	424	2,290	610
1974.....	9,125	3,267	474	229	1,978	586	5,858	791	1,578	460	2,389	640
1975.....	9,284	3,177	483	220	1,871	603	6,108	812	1,637	474	2,520	665
1976.....	9,477	3,263	472	235	1,921	635	6,215	824	1,644	496	2,573	678
1977.....	9,651	3,228	464	242	1,888	634	6,423	819	1,679	531	2,695	699
1978.....	9,987	3,324	474	260	1,956	634	6,661	859	1,739	546	2,812	705
1979.....	10,395	3,474	484	275	2,071	644	6,920	903	1,808	554	2,954	701
1980.....	10,708	3,514	479	300	2,111	624	7,194	906	1,837	611	3,096	744
1981.....	11,006	3,581	485	323	2,122	651	7,425	912	1,884	594	3,267	768
1982.....	10,644	3,260	462	271	1,930	597	7,385	885	1,848	601	3,284	767
1983.....	10,734	3,209	476	281	1,886	566	7,525	870	1,850	602	3,421	782
1984.....	11,000	3,308	476	292	1,968	572	7,692	858	1,929	631	3,483	791
1985.....	11,311	3,349	488	293	1,981	587	7,964	884	2,001	629	3,648	802
1986.....	11,634	3,417	484	291	2,015	627	8,217	898	2,082	654	3,783	800

Source: Statistics Canada, *Historical Labour Force Statistics* (71-201).

Table 32.1
Change in Employment by Industry
 1971–1986
 (per cent)

Year	Total employment	Goods producing					Services producing					
		Total	Agriculture	Other primary	Manufacturing	Construction	Total	Transportation communication and utilities	Trade	Finance insurance and real estate	Community business and personal services	Public administration and defence
1971	2.3	0.9	0.2	2.3	-0.1	4.7	3.2	1.3	0.5	5.3	4.3	6.9
1972	3.0	0.8	-6.0	-3.2	3.2	1.0	4.2	3.8	6.1	-0.3	3.5	6.2
1973	5.0	4.8	-2.9	4.7	5.7	9.1	5.1	5.6	6.1	6.5	4.0	5.4
1974	4.2	3.4	1.1	2.2	2.6	8.7	4.6	2.1	5.0	8.5	4.3	4.9
1975	1.7	-2.8	1.9	-3.9	-5.4	2.9	4.3	2.7	3.7	3.0	5.5	3.9
1976	2.1	2.7	-2.3	6.8	2.7	5.3	1.8	1.5	0.4	4.6	2.1	2.0
1977	1.8	-1.1	-1.7	3.0	-1.7	-0.2	3.3	-0.6	2.1	7.1	4.7	3.1
1978	3.5	3.0	2.2	7.4	3.6	0.0	3.7	4.9	3.6	2.8	4.3	0.9
1979	4.1	4.5	2.1	5.8	5.9	1.6	3.9	5.1	4.0	1.5	5.0	-0.6
1980	3.0	1.2	-1.0	9.1	1.9	-3.1	4.0	0.3	1.6	10.3	4.8	6.1
1981	2.8	1.9	1.3	7.7	0.5	4.3	3.2	0.7	2.6	-2.8	5.5	3.2
1982	-3.3	-9.0	-4.7	-16.1	-9.0	-8.3	-0.5	-3.0	-1.9	1.2	0.5	-0.1
1983	0.8	-1.6	3.0	3.7	-2.3	-5.2	1.9	-1.7	0.1	0.2	4.2	2.0
1984	2.5	3.1	0.0	3.9	4.3	1.1	2.2	-1.4	4.3	4.8	1.8	1.2
1985	2.8	1.2	2.5	0.3	0.7	2.6	3.5	3.0	3.7	-0.3	4.7	1.4
1986.....	2.9	2.0	-0.8	-0.7	1.7	6.8	3.2	1.6	4.0	4.0	3.7	-0.2

Reference Table 33
Unemployed Persons by Family Status, Canada
 1966 – 1986⁽¹⁾

Year	Total unemployed	Members of family units					Non-members of family units	Members of family units					Non-members of family units
		Total	Heads of Units	Single child	Other relatives	Spouses		Total	Heads of units	Single child	Other relatives	Spouses	
(thousands)												(change in thousands)	
1966.....	251	—	—	—	—	—	—	45	—	—	—	—	—
1967.....	296	—	—	—	—	—	—	62	—	—	—	—	—
1968.....	358	—	—	—	—	—	—	4	—	—	—	—	—
1969.....	362	—	—	—	—	—	—	—	—	—	—	—	—
1970.....	476	—	—	—	—	—	114	—	—	—	—	—	—
1971.....	535	—	—	—	—	—	59	—	—	—	—	—	—
1972.....	553	—	—	—	—	—	18	—	—	—	—	—	—
1973.....	515	—	—	—	—	—	—38	—	—	—	—	—	—
1974.....	514	—	—	—	—	—	—	—	—	—	—	—	—
1975.....	690	610	194	221	28	167	80	175	—	—	—	—	—
1976.....	726	640	191	239	33	176	86	36	31	-2	19	5	9
1977.....	849	751	224	279	40	208	98	123	111	33	39	7	31
1978.....	909	798	247	286	41	224	111	59	47	23	7	16	12
1979.....	836	740	224	274	38	205	96	-73	-58	-24	-12	-3	-19
1980.....	865	762	238	284	39	201	103	29	22	15	10	2	-4
1981.....	898	788	242	291	40	215	110	33	26	4	7	1	14
1982.....	1,314	1,154	409	397	61	286	160	416	366	167	107	21	71
1983.....	1,448	1,259	453	420	72	315	189	134	106	44	23	11	29
1984.....	1,399	1,216	435	389	63	329	183	-49	-44	-18	-31	-9	14
1985.....	1,328	1,145	407	363	56	320	183	-71	-71	-28	-26	-7	-10
1986.....	1,236	1,056	377	320	56	303	180	-92	-89	-30	-43	—	-17
													-3

Reference Table 34
Help-Wanted Index, Canada and Regions
 1962 – 1986

Year	Canada	Atlantic region	Quebec	Ontario	Prairie region	British Columbia	Canada	Atlantic region	Quebec	Ontario	Prairie region	British Columbia
											(per cent change)	
1962.....	39	90	68	26	21	12	—	—	—	—	—	—
1963.....	39	85	64	29	24	12	0.0	-5.6	-5.9	11.5	14.3	0.0
1964.....	47	90	74	37	29	16	20.5	5.9	15.6	27.6	20.8	33.3
1965.....	57	131	83	49	35	20	21.3	45.6	12.2	32.4	20.7	25.0
1966.....	61	138	84	55	40	22	7.0	5.3	1.2	12.2	14.3	10.0
1967.....	53	123	70	47	41	19	-13.1	-10.9	-16.7	-14.5	2.5	-13.6
1968.....	47	98	59	45	33	20	-11.3	-20.3	-15.7	-4.3	-19.5	5.3
1969.....	56	96	70	57	37	28	19.1	-2.0	18.6	26.7	12.1	40.0
1970.....	47	75	61	47	31	21	-16.1	-21.9	-12.9	-17.5	-16.2	-25.0
1971.....	48	81	64	46	32	23	2.1	8.0	4.9	-2.1	3.2	9.5
1972.....	61	65	76	67	42	32	27.1	-19.8	18.8	45.7	31.3	39.1
1973.....	77	86	93	84	53	46	26.2	32.3	22.4	25.4	26.2	43.8
1974.....	101	125	131	97	78	64	31.2	45.3	40.9	15.5	47.2	39.1
1975.....	84	109	126	68	65	43	-16.8	-12.8	-3.8	-29.9	-16.7	-32.8
1976.....	81	79	127	63	68	43	-3.6	-27.5	0.8	-7.4	4.6	0.0
1977.....	76	87	118	59	60	42	-6.2	10.1	-7.1	-6.3	-11.8	-2.3
1978.....	82	95	127	64	64	42	7.9	9.2	7.6	8.5	6.7	0.0
1979.....	90	95	110	87	86	55	9.8	0.0	-13.4	35.9	34.4	31.0
1980.....	94	105	110	88	90	70	4.4	10.5	0.0	1.1	4.7	27.3
1981.....	100	100	100	100	100	100	6.4	-4.8	-9.1	13.6	11.1	42.9
1982.....	48	65	49	52	42	34	-52.0	-35.0	-51.0	-48.0	-58.0	-66.0
1983.....	43	63	51	45	29	26	-10.4	-3.1	4.1	-13.5	-31.0	-23.5
1984.....	55	84	64	63	34	30	27.9	33.3	25.5	40.0	17.2	15.4
1985.....	70	98	76	86	41	31	27.3	16.7	18.8	36.5	20.6	3.3
1986.....	88	112	96	115	44	40	25.7	14.3	26.3	33.7	7.3	29.0

Source: Statistics Canada, *Canadian Statistical Review* (11-003).

Reference Table 35
**Productivity and Costs,
Business Sector Non-Agricultural Industries**
1946 – 1986
(1981 = 100)

Year	Output	Persons employed	Total person-hours	Labour compensation	Output per person employed	Output per person-hour	Labour compensation per person employed	Labour compensation per person hour	Unit labour costs
1946.....	17.9	38.3	46.8	3.4	46.6	38.1	8.9	7.3	19.2
1947.....	19.5	41.6	50.5	4.2	46.7	38.5	10.1	8.3	21.6
1948.....	20.1	42.9	52.0	4.8	46.8	38.6	11.2	9.2	24.0
1949.....	20.9	43.8	52.5	5.2	47.6	39.7	11.8	9.8	24.6
1950.....	22.4	44.6	52.7	5.5	50.2	42.4	12.3	10.4	24.6
1951.....	23.9	47.1	55.3	6.4	50.7	43.1	13.6	11.6	26.9
1952.....	25.1	48.2	56.3	7.1	52.1	44.6	14.7	12.6	28.3
1953.....	26.6	49.0	56.9	7.7	54.4	46.8	15.7	13.5	28.9
1954.....	26.9	48.3	55.5	7.8	55.7	48.5	16.1	14.0	28.9
1955.....	29.5	49.8	57.0	8.3	59.3	51.9	16.6	14.5	27.9
1956.....	32.4	52.7	60.4	9.3	61.4	53.6	17.7	15.4	28.8
1957.....	33.0	54.1	61.6	10.0	61.0	53.6	18.5	16.3	30.4
1958.....	33.2	52.7	59.6	10.1	63.1	55.6	19.2	17.0	30.5
1959.....	35.3	53.9	61.2	10.8	65.4	57.7	19.9	17.6	30.6
1960.....	36.0	54.0	60.8	11.2	66.7	59.2	20.8	18.5	31.3
1961.....	37.2	54.2	60.4	11.6	68.7	61.7	21.4	19.2	31.2
1962.....	39.7	55.9	62.6	12.4	71.1	63.5	22.2	19.8	31.2
1963.....	41.9	57.5	64.1	13.2	72.8	65.3	22.9	20.6	31.5
1964.....	45.4	60.1	66.9	14.4	75.5	67.9	24.0	21.5	31.7
1965.....	48.9	63.6	70.6	16.1	76.9	69.3	25.4	22.9	33.0
1966.....	52.2	66.6	73.2	18.2	78.3	71.3	27.3	24.9	34.9
1967.....	54.0	67.7	74.0	19.9	79.7	72.9	29.4	26.9	36.8
1968.....	56.9	67.9	73.5	21.2	83.8	77.4	31.3	28.9	37.3
1969.....	59.9	70.2	75.2	23.5	85.4	79.7	33.5	31.2	39.2
1970.....	61.0	70.3	74.6	25.2	86.7	81.7	35.8	33.8	41.3
1971.....	64.4	71.9	75.7	27.6	89.6	85.1	38.4	36.5	42.9
1972.....	69.0	74.8	78.5	30.9	92.2	87.9	41.3	39.3	44.7
1973.....	75.0	79.2	83.1	35.8	94.8	90.3	45.2	43.0	47.6
1974.....	78.1	83.3	86.8	42.6	93.8	90.0	51.2	49.1	54.6
1975.....	78.4	84.2	87.0	48.8	93.0	90.1	57.9	56.1	62.2
1976.....	83.6	85.8	88.1	56.2	97.5	94.9	65.5	63.8	67.3
1977.....	86.6	88.0	89.3	62.4	98.5	97.1	71.0	69.9	72.1
1978.....	89.8	90.7	92.5	68.0	99.0	97.1	74.9	73.5	75.7
1979.....	94.2	94.7	96.0	76.8	99.5	98.2	81.2	80.0	81.5
1980.....	96.0	96.9	97.8	87.0	99.1	98.1	89.7	88.9	90.6
1981.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1982.....	94.6	96.0	94.3	105.2	98.5	100.4	109.5	111.5	111.1
1983.....	98.1	93.8	91.9	110.0	104.6	106.8	117.2	119.7	112.1
1984.....	104.1	96.4	95.1	119.1	108.0	109.4	123.6	125.2	114.4
1985.....	109.4	100.2	99.4	128.7	109.2	110.1	128.4	129.5	117.6
1986.....	113.0	102.0	100.8	135.3	110.8	112.1	132.6	134.2	119.7

Source: Statistics Canada, Aggregate Productivity Measures (15-204).

Table 35.1
**Change in Productivity and Costs,
Business Sector Non-Agricultural Industries**
1947 – 1986
(per cent)

Year	Output	Persons employed	Total person-hours	Labour compensation	Output per person employed	Output per person-hour	Labour compensation per person employed	Labour compensation per person hour	Unit labour costs
1947	8.9	8.6	7.9	23.5	0.2	1.0	13.5	13.7	12.5
1948	3.1	3.1	3.0	14.3	0.2	0.3	10.9	10.8	11.1
1949	4.0	2.1	1.0	8.3	1.7	2.8	5.4	6.5	2.5
1950	7.2	1.8	0.4	5.8	5.5	6.8	4.2	6.1	0.0
1951	6.7	5.6	4.9	16.4	1.0	1.7	10.6	11.5	9.3
1952	5.0	2.3	1.8	10.9	2.8	3.5	8.1	8.6	5.2
1953	6.0	1.7	1.1	8.5	4.4	4.9	6.8	7.1	2.1
1954	1.1	-1.4	-2.5	1.3	2.4	3.6	2.5	3.7	0.0
1955	9.7	3.1	2.7	6.4	6.5	7.0	3.1	3.6	-3.5
1956	9.8	5.8	6.0	12.0	3.5	3.3	6.6	6.2	3.2
1957	1.9	2.7	2.0	7.5	-0.7	0.0	4.5	5.8	5.6
1958	0.6	-2.6	-3.2	1.0	3.4	3.7	3.8	4.3	0.3
1959	6.3	2.3	2.7	6.9	3.6	3.8	3.6	3.5	0.3
1960	2.0	0.2	-0.7	3.7	2.0	2.6	4.5	5.1	2.3
1961	3.3	0.4	-0.7	3.6	3.0	4.2	2.9	3.8	-0.3
1962	6.7	3.1	3.6	6.9	3.5	2.9	3.7	3.1	0.0
1963	5.5	2.9	2.4	6.5	2.4	2.8	3.2	4.0	1.0
1964	8.4	4.5	4.4	9.1	3.7	4.0	4.8	4.4	0.6
1965	7.7	5.8	5.5	11.8	1.9	2.1	5.8	6.5	4.1
1966	6.7	4.7	3.7	13.0	1.8	2.9	7.5	8.7	5.8
1967	3.4	1.7	1.1	9.3	1.8	2.2	7.7	8.0	5.4
1968	5.4	0.3	-0.7	6.5	5.1	6.2	6.5	7.4	1.4
1969	5.3	3.4	2.3	10.8	1.9	3.0	7.0	8.0	5.1
1970	1.8	0.1	-0.8	7.2	1.5	2.5	6.9	8.3	5.4
1971	5.6	2.3	1.5	9.5	3.3	4.2	7.3	8.0	3.9
1972	7.1	4.0	3.7	12.0	2.9	3.3	7.6	7.7	4.2
1973	8.7	5.9	5.9	15.9	2.8	2.7	9.4	9.4	6.5
1974	4.1	5.2	4.5	19.0	-1.1	-0.3	13.3	14.2	14.7
1975	0.4	1.1	0.2	14.6	-0.9	0.1	13.1	14.3	13.9
1976	6.6	1.9	1.3	15.2	4.8	5.3	13.1	13.7	8.2
1977	3.6	2.6	1.4	11.0	1.0	2.3	8.4	9.6	7.1
1978	3.7	3.1	3.6	9.0	0.5	0.0	5.5	5.2	5.0
1979	4.9	4.4	3.8	12.9	0.5	1.1	8.4	8.8	7.7
1980	1.9	2.3	1.9	13.3	-0.4	-0.1	10.5	11.1	11.2
1981	4.2	3.2	2.2	14.9	0.9	1.9	11.5	12.5	10.4
1982	-5.4	-4.0	-5.7	5.2	-1.5	0.4	9.5	11.5	11.1
1983	3.7	-2.3	-2.5	4.6	6.2	6.4	7.0	7.4	0.9
1984	6.1	2.8	3.5	8.3	3.3	2.4	5.5	4.6	2.1
1985	5.1	3.9	4.5	8.1	1.1	0.6	3.9	3.4	2.8
1986	3.3	1.8	1.4	5.1	1.5	1.8	3.3	3.6	1.8

Reference Table 36
Productivity and Costs,
Business Sector Non-Agricultural Goods-Producing Industries
1946 – 1986
(1981 = 100)

Year	Output	Persons employed	Total person-hours	Labour compensation	Output per person employed	Output per person-hour	Labour compensation per person employed	Labour compensation per person hour	Unit labour costs
1946	18.6	57.7	66.0	4.0	32.2	28.1	6.9	6.0	21.5
1947	20.4	62.6	71.2	5.3	32.5	28.6	8.4	7.4	25.8
1948	21.6	64.1	72.7	6.1	33.7	29.7	9.5	8.3	28.1
1949	22.5	65.1	72.8	6.4	34.5	30.8	9.8	8.8	28.4
1950	24.2	66.3	73.9	6.9	36.6	32.8	10.4	9.4	28.5
1951	26.4	71.0	78.7	8.3	37.0	33.4	11.6	10.5	31.4
1952	27.6	71.8	78.9	9.1	38.4	34.9	12.7	11.5	32.9
1953	29.7	72.4	79.9	9.8	41.0	37.1	13.5	12.2	32.8
1954	29.9	69.7	75.4	9.6	42.9	39.6	13.8	12.7	32.2
1955	33.2	71.8	77.6	10.2	46.2	42.8	14.2	13.1	30.7
1956	36.7	75.8	82.0	11.5	48.5	44.8	15.2	14.0	31.4
1957	37.7	76.3	81.7	12.2	49.3	46.0	16.0	15.0	32.5
1958	37.6	71.9	76.9	12.0	52.2	48.8	16.7	15.6	32.0
1959	40.0	73.2	78.6	12.7	54.5	50.7	17.4	16.2	31.8
1960	40.6	72.3	77.1	13.2	56.2	52.6	18.2	17.1	32.4
1961	42.1	71.1	75.1	13.3	59.3	56.1	18.7	17.7	31.5
1962	45.8	72.9	78.0	14.1	62.9	58.8	19.4	18.1	30.8
1963	48.2	74.5	79.6	14.9	64.7	60.6	20.0	18.8	31.0
1964	52.6	77.7	83.4	16.2	67.7	63.1	20.9	19.5	30.9
1965	57.3	82.3	88.4	18.2	69.6	64.8	22.1	20.6	31.8
1966	60.5	85.9	91.9	20.5	70.4	65.8	23.9	22.4	34.0
1967	62.0	85.6	90.8	22.0	72.4	68.2	25.7	24.2	35.5
1968	65.8	84.9	89.7	23.3	77.6	73.4	27.5	26.0	35.4
1969	69.1	86.1	90.2	25.4	80.3	76.7	29.5	28.2	36.8
1970	68.0	84.2	87.7	26.8	80.8	77.5	31.8	30.5	39.4
1971	71.6	85.2	88.0	29.3	84.0	81.3	34.4	33.3	41.0
1972	76.5	87.3	90.1	32.3	87.7	84.9	37.0	35.8	42.2
1973	84.3	91.8	94.8	37.7	91.9	89.0	41.0	39.7	44.7
1974	86.1	94.6	97.2	44.5	91.0	88.5	47.1	45.8	51.8
1975	82.3	92.8	94.4	50.4	88.7	87.2	54.3	53.3	61.2
1976	89.0	94.1	95.5	58.1	94.5	93.1	61.7	60.8	65.3
1977	92.4	93.8	94.8	64.0	98.4	97.5	68.2	67.5	69.3
1978	94.0	95.1	96.4	69.0	98.9	97.5	72.5	71.5	73.3
1979	97.7	99.0	100.1	77.4	98.6	97.6	78.2	77.3	79.3
1980	96.1	99.0	99.8	86.3	97.1	96.3	87.2	86.5	89.8
1981	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1982	91.3	92.5	90.5	99.8	98.8	101.0	107.9	110.3	109.2
1983	95.6	88.5	87.6	103.3	108.0	109.1	116.8	118.0	108.1
1984	101.0	90.2	90.2	111.1	112.0	112.0	123.3	123.3	110.0
1985	105.9	93.3	93.8	118.9	113.5	112.8	127.5	126.7	112.3
1986	107.0	94.6	95.2	124.8	113.0	112.4	131.9	131.1	116.7

Source: Statistics Canada, Aggregate Productivity Measures (15-204).

Table 36.1
**Change in Productivity and Costs,
Business Sector Non-Agricultural Goods-Producing Industries**
1947 – 1986
(per cent)

Year	Output	Persons employed	Total person-hours	Labour compensation	Output per person employed	Output per person-hour	Labour compensation per person employed	Labour compensation per person hour	Unit labour costs
1947	9.7	8.5	7.9	32.5	0.9	1.8	21.7	23.3	20.0
1948	5.9	2.4	2.1	15.1	3.7	3.8	13.1	12.2	8.9
1949	4.2	1.6	0.1	4.9	2.4	3.7	3.2	6.0	1.1
1950	7.6	1.8	1.5	7.8	6.1	6.5	6.1	6.8	0.4
1951	9.1	7.1	6.5	20.3	1.1	1.8	11.5	11.7	10.2
1952	4.5	1.1	0.3	9.6	3.8	4.5	9.5	9.5	4.8
1953	7.6	0.8	1.3	7.7	6.8	6.3	6.3	6.1	–0.3
1954	0.7	–3.7	–5.6	–2.0	4.6	6.7	2.2	4.1	–1.8
1955	11.0	3.0	2.9	6.2	7.7	8.1	2.9	3.1	–4.7
1956	10.5	5.6	5.7	12.7	5.0	4.7	7.0	6.9	2.3
1957	2.7	0.7	–0.4	6.1	1.6	2.7	5.3	7.1	3.5
1958	–0.3	–5.8	–5.9	–1.6	5.9	6.1	4.4	4.0	–1.5
1959	6.4	1.8	2.2	5.8	4.4	3.9	4.2	3.8	–0.6
1960	1.5	–1.2	–1.9	3.9	3.1	3.7	4.6	5.6	1.9
1961	3.7	–1.7	–2.6	0.8	5.5	6.7	2.7	3.5	–2.8
1962	8.8	2.5	3.9	6.0	6.1	4.8	3.7	2.3	–2.2
1963	5.2	2.2	2.1	5.7	2.9	3.1	3.1	3.9	0.6
1964	9.1	4.3	4.8	8.7	4.6	4.1	4.5	3.7	–0.3
1965	8.9	5.9	6.0	12.3	2.8	2.7	5.7	5.6	2.9
1966	5.6	4.4	4.0	12.6	1.1	1.5	8.1	8.7	6.9
1967	2.5	–0.3	–1.2	7.3	2.8	3.6	7.5	8.0	4.4
1968	6.1	–0.8	–1.2	5.9	7.2	7.6	7.0	7.4	–0.3
1969	5.0	1.4	0.6	9.0	3.5	4.5	7.3	8.5	4.0
1970	–1.6	–2.2	–2.8	5.5	0.6	1.0	7.8	8.2	7.1
1971	5.3	1.2	0.3	9.3	4.0	4.9	8.2	9.2	4.1
1972	6.8	2.5	2.4	10.2	4.4	4.4	7.6	7.5	2.9
1973	10.2	5.2	5.2	16.7	4.8	4.8	10.8	10.9	5.9
1974	2.1	3.1	2.5	18.0	–1.0	–0.6	14.9	15.4	15.9
1975	–4.4	–1.9	–2.9	13.3	–2.5	–1.5	15.3	16.4	18.1
1976	8.1	1.4	1.2	15.3	6.5	6.8	13.6	14.1	6.7
1977	3.8	–0.3	–0.7	10.2	4.1	4.7	10.5	11.0	6.1
1978	1.7	1.4	1.7	7.8	0.5	0.0	6.3	5.9	5.8
1979	3.9	4.1	3.8	12.2	–0.3	0.1	7.9	8.1	8.2
1980	–1.6	0.0	–0.3	11.5	–1.5	–1.3	11.5	11.9	13.2
1981	4.1	1.0	0.2	15.9	3.0	3.8	14.7	15.6	11.4
1982	–8.7	–7.5	–9.5	–0.2	–1.2	1.0	7.9	10.3	9.2
1983	4.7	–4.3	–3.2	3.5	9.3	8.0	8.2	7.0	–1.0
1984	5.6	1.9	3.0	7.6	3.7	2.7	5.6	4.5	1.8
1985	4.9	3.4	4.0	7.0	1.3	0.7	3.4	2.8	2.1
1986	1.0	1.4	1.5	5.0	–0.4	–0.4	3.5	3.5	3.9

Reference Table 37
Productivity and Costs,
Business Sector Services-Producing Industries
 1946 – 1986
 (1981 = 100)

Year	Output	Persons employed	Total person-hours	Labour compensation	Output per person employed	Output per person-hour	Labour compensation per person employed	Labour compensation per person hour	Unit labour costs
1946.....	17.4	26.7	34.6	2.9	65.2	50.3	11.0	8.5	16.9
1947.....	18.8	29.0	37.2	3.3	64.6	50.5	11.4	8.9	17.6
1948.....	19.1	30.2	38.7	3.8	63.2	49.4	12.4	9.7	19.6
1949.....	19.9	31.0	39.5	4.1	64.0	50.4	13.3	10.4	20.7
1950.....	20.9	31.5	39.3	4.3	66.4	53.4	13.7	11.0	20.6
1951.....	22.1	32.8	40.3	4.9	67.5	54.8	14.9	12.1	22.1
1952.....	23.3	34.1	41.8	5.4	68.5	55.9	15.9	13.0	23.3
1953.....	24.3	34.9	42.2	6.0	69.7	57.7	17.1	14.1	24.5
1954.....	24.7	35.4	42.7	6.2	69.7	57.9	17.6	14.6	25.2
1955.....	26.7	36.5	43.7	6.6	73.3	61.3	18.2	15.2	24.8
1956.....	28.7	38.8	46.5	7.4	74.1	61.9	19.2	16.0	25.8
1957.....	29.5	40.7	48.5	8.2	72.4	60.8	20.1	16.9	27.8
1958.....	29.8	41.0	48.4	8.5	72.8	61.7	20.8	17.6	28.6
1959.....	31.7	42.2	49.7	9.1	75.0	63.7	21.6	18.3	28.8
1960.....	32.4	42.7	50.0	9.6	75.7	64.8	22.6	19.3	29.7
1961.....	33.6	43.7	50.7	10.2	76.9	66.4	23.3	20.1	30.3
1962.....	35.2	45.3	52.3	10.9	77.6	67.2	24.0	20.8	31.0
1963.....	37.2	47.0	53.8	11.7	79.1	69.1	24.9	21.7	31.5
1964.....	40.0	49.1	55.9	12.8	81.4	71.5	26.1	22.9	32.0
1965.....	42.7	52.0	58.8	14.3	82.1	72.6	27.6	24.4	33.6
1966.....	46.0	54.7	60.8	16.2	84.1	75.6	29.6	26.6	35.2
1967.....	48.0	56.6	62.9	18.1	84.9	76.4	31.9	28.7	37.6
1968.....	50.2	57.3	62.7	19.4	87.6	80.1	33.8	30.9	38.6
1969.....	53.1	60.3	65.3	21.9	88.0	81.3	36.2	33.4	41.2
1970.....	55.9	61.7	66.0	23.8	90.5	84.7	38.6	36.1	42.6
1971.....	59.2	63.6	67.5	26.1	93.2	87.7	41.1	38.7	44.1
1972.....	63.5	67.1	70.8	29.6	94.6	89.6	44.2	41.8	46.7
1973.....	68.3	71.3	75.3	34.1	95.7	90.6	47.8	45.3	50.0
1974.....	72.3	76.3	79.9	41.0	94.8	90.5	53.7	51.3	56.7
1975.....	75.5	78.9	82.1	47.4	95.6	92.0	60.0	57.7	62.8
1976.....	79.8	80.7	83.2	54.7	98.9	95.8	67.8	65.7	68.6
1977.....	82.5	84.4	85.6	61.1	97.7	96.3	72.4	71.3	74.1
1978.....	86.7	88.0	89.9	67.1	98.6	96.4	76.3	74.6	77.4
1979.....	91.7	91.9	93.2	76.3	99.7	98.4	83.0	81.9	83.2
1980.....	95.9	95.6	96.5	87.5	100.4	99.4	91.5	90.7	91.2
1981.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1982.....	97.4	98.3	96.8	109.8	99.2	100.6	111.7	113.4	112.7
1983.....	100.2	97.1	94.7	115.7	103.3	105.9	119.2	122.2	115.4
1984.....	106.7	100.2	98.4	126.0	106.5	108.4	125.7	128.0	118.1
1985.....	112.5	104.6	103.1	137.2	107.6	109.1	131.2	133.1	122.0
1986.....	118.2	106.5	104.5	144.3	110.9	113.0	135.4	138.0	122.1

Source: Statistics Canada, Aggregate Productivity Measures (15-204).

Table 37.1
**Change in Productivity and Costs,
Business Sector Services-Producing Industries**
1947 – 1986
(per cent)

Year	Output	Persons employed	Total person-hours	Labour compensation	Output per person employed	Output per person-hour	Labour compensation per person employed	Labour compensation per person hour	Unit labour costs
1947	8.0	8.6	7.5	13.8	-0.9	0.4	3.6	4.7	4.1
1948	1.6	4.1	4.0	15.2	-2.2	-2.2	8.8	9.0	11.4
1949	4.2	2.6	2.1	7.9	1.3	2.0	7.3	7.2	5.6
1950	5.0	1.6	-0.5	4.9	3.7	6.0	3.0	5.8	-0.5
1951	5.7	4.1	2.5	14.0	1.7	2.6	8.8	10.0	7.3
1952	5.4	4.0	3.7	10.2	1.5	2.0	6.7	7.4	5.4
1953	4.3	2.3	1.0	11.1	1.8	3.2	7.5	8.5	5.2
1954	1.6	1.4	1.2	3.3	0.0	0.3	2.9	3.5	2.9
1955	8.1	3.1	2.3	6.5	5.2	5.9	3.4	4.1	-1.6
1956	7.5	6.3	6.4	12.1	1.1	1.0	5.5	5.3	4.0
1957	2.8	4.9	4.3	10.8	-2.3	-1.8	4.7	5.6	7.8
1958	1.0	0.7	-0.2	3.7	0.6	1.5	3.5	4.1	2.9
1959	6.4	2.9	2.7	7.1	3.0	3.2	3.8	4.0	0.7
1960	2.2	1.2	0.6	5.5	0.9	1.7	4.6	5.5	3.1
1961	3.7	2.3	1.4	6.2	1.6	2.5	3.1	4.1	2.0
1962	4.8	3.7	3.2	6.9	0.9	1.2	3.0	3.5	2.3
1963	5.7	3.8	2.9	7.3	1.9	2.8	3.7	4.3	1.6
1964	7.5	4.5	3.9	9.4	2.9	3.5	4.8	5.5	1.6
1965	6.7	5.9	5.2	11.7	0.9	1.5	5.7	6.6	5.0
1966	7.7	5.2	3.4	13.3	2.4	4.1	7.2	9.0	4.8
1967	4.3	3.5	3.5	11.7	1.0	1.1	7.8	7.9	6.8
1968	4.6	1.2	-0.3	7.2	3.2	4.8	6.0	7.7	2.7
1969	5.8	5.2	4.1	12.9	0.5	1.5	7.1	8.1	6.7
1970	5.3	2.3	1.1	8.7	2.8	4.2	6.6	8.1	3.4
1971	5.9	3.1	2.3	9.7	3.0	3.5	6.5	7.2	3.5
1972	7.3	5.5	4.9	13.4	1.5	2.2	7.5	8.0	5.9
1973	7.6	6.3	6.4	15.2	1.2	1.1	8.1	8.4	7.1
1974	5.9	7.0	6.1	20.2	-0.9	-0.1	12.3	13.2	13.4
1975	4.4	3.4	2.8	15.6	0.8	1.7	11.7	12.5	10.8
1976	5.7	2.3	1.3	15.4	3.5	4.1	13.0	13.9	9.2
1977	3.4	4.6	2.9	11.7	-1.2	0.5	6.8	8.5	8.0
1978	5.1	4.3	5.0	9.8	0.9	0.1	5.4	4.6	4.5
1979	5.8	4.4	3.7	13.7	1.1	2.1	8.8	9.8	7.5
1980	4.6	4.0	3.5	14.7	0.7	1.0	10.2	10.7	9.6
1981	4.3	4.6	3.6	14.3	-0.4	0.6	9.3	10.3	9.6
1982	-2.6	-1.7	-3.2	9.8	-0.8	0.6	11.7	13.4	12.7
1983	2.9	-1.2	-2.2	5.4	4.1	5.3	6.7	7.8	2.4
1984	6.5	3.2	3.9	8.9	3.1	2.4	5.5	4.7	2.3
1985	5.4	4.4	4.8	8.9	1.0	0.6	4.4	4.0	3.3
1986	5.1	1.8	1.4	5.2	3.1	3.6	3.2	3.7	0.1

Reference Table 38
**Productivity and Costs,
Manufacturing Industries**
1946 – 1986
(1981 = 100)

Year	Output	Persons employed	Total person-hours	Labour compensation	Output per person employed	Output per person-hour	Labour compensation per person employed	Labour compensation per person hour	Unit labour costs
1946.....	20.3	60.6	69.2	4.3	33.5	29.3	7.2	6.3	21.5
1947.....	22.2	64.7	73.2	5.7	34.2	30.3	8.8	7.8	25.6
1948.....	23.2	66.1	75.1	6.6	35.0	30.8	9.9	8.8	28.4
1949.....	23.9	67.2	74.8	6.9	35.5	31.8	10.3	9.2	29.1
1950.....	25.4	67.9	74.9	7.4	37.4	33.8	10.9	9.9	29.3
1951.....	27.6	72.1	78.3	8.8	38.3	35.2	12.2	11.2	31.9
1952.....	28.6	73.7	79.0	9.7	38.8	36.1	13.2	12.3	34.0
1953.....	30.6	75.9	81.9	10.6	40.3	37.4	13.9	12.9	34.5
1954.....	30.0	72.6	76.8	10.5	41.3	39.1	14.4	13.7	34.9
1955.....	32.8	74.3	78.9	11.1	44.2	41.5	15.0	14.1	33.9
1956.....	35.9	77.4	82.9	12.3	46.4	43.4	15.9	14.8	34.3
1957.....	35.8	77.8	82.2	13.0	46.1	43.6	16.7	15.8	36.3
1958.....	35.2	73.8	78.1	13.0	47.7	45.1	17.6	16.6	37.0
1959.....	37.7	74.6	79.3	13.7	50.7	47.5	18.4	17.3	36.4
1960.....	38.4	73.9	78.1	14.2	52.0	49.3	19.2	18.2	37.0
1961.....	40.0	73.3	77.0	14.4	54.5	51.9	19.6	18.7	36.0
1962.....	44.6	75.5	80.2	15.4	59.0	55.5	20.5	19.3	34.7
1963.....	47.5	77.4	82.5	16.5	61.4	57.6	21.4	20.0	34.8
1964.....	52.2	80.9	86.6	18.1	64.6	60.3	22.3	20.9	34.6
1965.....	57.5	85.1	91.1	20.0	67.6	63.1	23.6	22.0	34.9
1966.....	61.2	89.2	94.8	22.6	68.7	64.6	25.3	23.8	36.9
1967.....	62.6	89.9	95.1	24.0	69.6	65.8	26.7	25.3	38.4
1968.....	66.7	89.2	94.5	25.7	74.8	70.6	28.8	27.2	38.5
1969.....	71.4	91.0	96.1	28.2	78.5	74.4	31.0	29.4	39.5
1970.....	68.4	88.9	93.2	29.5	77.0	73.4	33.2	31.7	43.2
1971.....	72.7	88.8	92.5	31.6	82.0	78.6	35.6	34.1	43.4
1972.....	78.6	91.5	95.4	35.0	85.9	82.4	38.2	36.7	44.5
1973.....	87.1	95.7	99.3	39.4	91.0	87.7	41.2	39.7	45.3
1974.....	89.7	97.7	100.7	46.0	91.8	89.1	47.1	45.7	51.3
1975.....	83.7	95.4	97.3	50.8	87.7	86.0	53.3	52.3	60.7
1976.....	89.8	95.9	97.6	58.4	93.7	92.1	60.9	59.8	65.0
1977.....	93.1	93.9	95.8	63.4	99.2	97.1	67.6	66.2	68.2
1978.....	97.3	96.8	99.1	70.6	100.5	98.2	72.9	71.3	72.6
1979.....	101.0	100.3	101.9	80.0	100.7	99.1	79.7	78.5	79.2
1980.....	96.5	100.0	101.2	87.9	96.5	95.4	87.9	86.9	91.1
1981.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1982.....	89.0	92.2	91.2	101.0	96.5	97.6	109.5	110.7	113.5
1983.....	94.0	90.4	90.5	106.3	104.0	103.9	117.7	117.5	113.1
1984.....	100.9	93.1	94.2	117.3	108.4	107.1	126.0	124.5	116.2
1985.....	105.7	95.2	96.6	125.3	111.1	109.5	131.6	129.7	118.5
1986.....	107.5	97.1	98.7	132.1	110.7	108.9	136.1	133.9	122.9

Source: Statistics Canada, Aggregate Productivity Measures (15-204).

Table 38.1
**Change in Productivity and Costs,
Manufacturing Industries**
1947–1986
(per cent)

Year	Output	Persons employed	Total person-hours	Labour compensation	Output per person employed	Output per person-hour	Labour compensation per person employed	Labour compensation per person hour	Unit labour costs
1947	9.4	6.8	5.8	32.6	2.1	3.4	22.2	23.8	19.1
1948	4.5	2.2	2.6	15.8	2.3	1.7	12.5	12.8	10.9
1949	3.0	1.7	-0.4	4.5	1.4	3.2	4.0	4.5	2.5
1950	6.3	1.0	0.1	7.2	5.4	6.3	5.8	7.6	0.7
1951	8.7	6.2	4.5	18.9	2.4	4.1	11.9	13.1	8.9
1952	3.6	2.2	0.9	10.2	1.3	2.6	8.2	9.8	6.6
1953	7.0	3.0	3.7	9.3	3.9	3.6	5.3	4.9	1.5
1954	-2.0	-4.3	-6.2	-0.9	2.5	4.5	3.6	6.2	1.2
1955	9.3	2.3	2.7	5.7	7.0	6.1	4.2	2.9	-2.9
1956	9.5	4.2	5.1	10.8	5.0	4.6	6.0	5.0	1.2
1957	-0.3	0.5	-0.8	5.7	-0.6	0.5	5.0	6.8	5.8
1958	-1.7	-5.1	-5.0	0.0	3.5	3.4	5.4	5.1	1.9
1959	7.1	1.1	1.5	5.4	6.3	5.3	4.5	4.2	-1.6
1960	1.9	-0.9	-1.5	3.6	2.6	3.8	4.3	5.2	1.6
1961	4.2	-0.8	-1.4	1.4	4.8	5.3	2.1	2.7	-2.7
1962	11.5	3.0	4.2	6.9	8.3	6.9	4.6	3.2	-3.6
1963	6.5	2.5	2.9	7.1	4.1	3.8	4.4	3.6	0.3
1964	9.9	4.5	5.0	9.7	5.2	4.7	4.2	4.5	-0.6
1965	10.2	5.2	5.2	10.5	4.6	4.6	5.8	5.3	0.9
1966	6.4	4.8	4.1	13.0	1.6	2.4	7.2	8.2	5.7
1967	2.3	0.8	0.3	6.2	1.3	1.9	5.5	6.3	4.1
1968	6.5	-0.8	-0.6	7.1	7.5	7.3	7.9	7.5	0.3
1969	7.0	2.0	1.7	9.7	4.9	5.4	7.6	8.1	2.6
1970	-4.2	-2.3	-3.0	4.6	-1.9	-1.3	7.1	7.8	9.4
1971	6.3	-0.1	-0.8	7.1	6.5	7.1	7.2	7.6	0.5
1972	8.1	3.0	3.1	10.8	4.8	4.8	7.3	7.6	2.5
1973	10.8	4.6	4.1	12.6	5.9	6.4	7.9	8.2	1.8
1974	3.0	2.1	1.4	16.8	0.9	1.6	14.3	15.1	13.2
1975	-6.7	-2.4	-3.4	10.4	-4.5	-3.5	13.2	14.4	18.3
1976	7.3	0.5	0.3	15.0	6.8	7.1	14.3	14.3	7.1
1977	3.7	-2.1	-1.8	8.6	5.9	5.4	11.0	10.7	4.9
1978	4.5	3.1	3.4	11.4	1.3	1.1	7.8	7.7	6.5
1979	3.8	3.6	2.8	13.3	0.2	0.9	9.3	10.1	9.1
1980	-4.5	-0.3	-0.7	9.9	-4.2	-3.7	10.3	10.7	15.0
1981	3.6	0.0	-1.2	13.8	3.6	4.8	13.8	15.1	9.8
1982	-11.0	-7.8	-8.8	1.0	-3.5	-2.4	9.5	10.7	13.5
1983	5.6	-2.0	-0.8	5.2	7.8	6.5	7.5	6.1	-0.4
1984	7.3	3.0	4.1	10.3	4.2	3.1	7.1	6.0	2.7
1985	4.8	2.3	2.5	6.8	2.5	2.2	4.4	4.2	2.0
1986	1.7	2.0	2.2	5.4	-0.4	-0.5	3.4	3.2	3.7

Reference Table 39
Effective Increase in Base Wage Rates By Industry (all agreements)
 1978 – 1986
 (percentage changes on a life-of-contract basis)

Year	All Industries	Primary	Manufacturing	Construction	Transportation, communications and utilities		Community, business and personal services		Total non-commercial		Total private sector	Federal administration	Provincial administration	Local administration	Education, health and welfare	Tel., Elect. and water utilities	Total public sector
					Trade, finance and insurance	Commerce and personal services	Total commercial	Total non-commercial	Total non-commercial	Total							
1978	7.6	8.2	8.7	—	7.5	9.9	6.8	8.2	7.1	8.7	7.2	6.3	7.8	7.6	6.8	7.1	7.1
1979	9.8	12.3	10.5	—	11.6	10.9	8.2	10.9	8.5	10.9	8.4	12.4	9.1	9.4	8.2	9.2	9.2
1980	11.1	13.8	11.6	—	11.6	11.8	10.8	11.6	10.8	11.6	11.3	11.1	11.3	10.8	10.2	11.0	11.0
1981	13.0	11.9	12.6	—	13.1	13.9	13.7	13.0	13.0	12.7	12.7	12.7	13.5	12.7	13.5	13.3	13.2
1982	10.3	7.8	8.9	—	10.8	10.8	11.2	10.1	10.5	9.6	10.6	11.8	12.1	11.4	12.1	12.3	10.6
1983	4.8	5.1	5.5	—	6.0	5.6	5.6	3.7	5.4	4.4	5.4	5.6	5.0	5.7	3.6	6.6	4.6
1984	3.6	3.2	4.1	—	4.1	3.5	3.2	3.4	3.8	3.2	5.0	4.6	5.2	3.2	3.0	2.6	3.9
1985	3.6	3.9	4.3	—	3.1	3.4	3.6	3.4	3.5	3.7	3.3	4.0	4.4	4.7	3.4	3.8	3.8
1986	3.4	3.6	3.9	—	3.1	3.3	3.3	3.5	3.0	3.7	3.6	3.7	4.1	3.4	3.5	3.7	3.7
1981	—	13.6	11.7	—	14.2	17.1	14.8	13.7	13.5	12.6	14.9	13.4	13.4	12.6	12.0	15.0	13.3
1982	—	12.4	10.3	—	12.6	12.6	12.4	12.0	12.5	11.8	11.7	10.6	14.0	13.4	12.3	13.5	12.5
1983	—	13.1	11.9	—	12.5	15.0	13.9	13.1	13.2	13.3	12.9	12.6	12.6	12.5	12.2	13.6	11.7
1984	—	13.4	14.4	—	12.5	12.5	14.9	12.9	14.0	12.6	11.7	16.6	15.7	13.9	14.7	14.0	14.1
1985	—	12.9	12.7	—	13.5	10.5	10.0	12.4	12.8	12.8	11.1	11.8	14.4	13.4	13.9	16.2	13.3
1986	—	12.6	8.4	—	12.5	12.2	12.4	12.0	13.0	11.6	12.1	12.7	13.8	12.3	12.6	12.6	12.9
1983	—	9.6	6.0	—	11.1	11.3	12.0	9.3	10.2	8.0	8.2	11.7	12.5	9.6	12.6	10.8	10.7
1984	—	7.3	10.2	—	6.4	10.4	6.9	7.7	7.0	9.2	6.0	6.0	8.7	10.9	7.0	6.6	6.8
1985	—	5.0	5.4	—	6.0	5.4	5.6	5.7	4.7	6.3	6.0	5.5	6.0	5.5	6.0	7.7	7.7
1986	—	4.3	3.4	—	7.8	5.8	7.4	5.3	5.9	3.7	6.0	6.0	6.1	5.6	3.2	5.4	3.9
1987	—	6.0	8.0	—	9.4	6.1	6.7	5.6	5.6	5.5	6.4	5.2	4.7	7.6	5.6	7.6	5.8
1983	—	4.2	3.5	—	3.6	5.0	4.6	4.1	3.4	4.0	4.0	5.0	5.0	2.2	5.2	3.1	4.3
1984	—	3.9	5.0	—	3.1	2.5	4.6	1.4	3.4	3.9	3.7	2.9	5.0	2.0	0.3	3.2	2.2
1985	—	3.1	2.8	—	4.4	1.2	4.0	5.2	2.4	2.9	2.8	5.0	5.0	3.8	4.1	2.2	3.4
1986	—	3.4	3.2	—	3.2	2.5	2.5	3.9	3.9	3.1	4.6	4.1	4.0	2.2	2.9	3.0	3.0
1987	—	4.4	2.9	—	5.1	2.9	2.8	3.9	4.1	4.6	4.4	4.1	4.2	3.5	3.9	4.9	3.8
1983	—	3.3	3.2	—	4.5	2.4	3.0	3.9	2.9	4.0	2.5	3.6	3.4	3.1	4.4	4.1	5.3
1984	—	3.5	4.4	—	2.3	3.8	3.7	3.2	3.4	3.2	3.6	3.4	4.1	2.7	2.6	5.2	4.0
1985	—	3.0	1.9	—	4.1	3.3	3.5	2.5	4.1	3.4	4.3	3.5	3.4	4.1	5.2	4.1	5.0
1986	—	3.5	0.5	—	4.4	2.5	3.7	3.0	3.6	3.7	4.0	4.5	4.8	3.7	3.6	3.5	3.5
1987	—	3.6	2.5	—	3.3	3.4	3.4	3.2	3.5	3.7	3.6	3.5	3.6	2.7	2.8	4.8	3.6
1983	—	3.0	4.0	—	4.0	2.4	3.1	1.8	3.5	2.4	3.6	3.7	3.6	3.9	2.7	3.6	4.6
1984	—	3.3	1.3	—	2.0	2.2	1.8	3.9	2.0	4.3	1.9	4.6	4.9	4.6	4.0	1.2	4.1
1985	—	3.5	3.6	—	3.0	1.9	4.0	2.4	2.1	3.3	3.5	4.2	4.1	3.4	4.3	4.1	4.2
1986	—	3.0	1.9	—	3.0	1.9	4.0	2.4	2.1	3.3	3.5	4.2	4.1	3.4	4.3	4.1	4.2
1987	—	3.5	4.0	—	3.6	3.6	3.6	3.3	3.5	3.7	3.7	4.2	4.1	3.4	4.3	3.5	3.5

Notes: Data refer to agreements which cover 500 or more employees.

The commercial/non-commercial breakdown employs the "standard industrial classification" system used by Statistics Canada which organizes establishments according to their principal economic activity. The private/public breakdown classifies contracts according to the industry of the employer.

Annual data represent a weighted average of the quarterly rates, where the weights are the number of workers settling in the quarter.

Settlements in the construction industry are not available before 1983. Other than in the construction industry, prior to 1983, a "—" sign means no settlement.

Source: Labour Canada, *Major Wage Settlements*, quarterly.

Reference Table 40
Gross Domestic Product Implicit Price Indexes⁽¹⁾
 1947 – 1986
 (1981 = 100)

Year	Personal expenditure on consumer goods and services	Government current expenditure on goods and services	Gross fixed capital formation				Exports of goods and services ⁽²⁾	Imports of goods and services ⁽³⁾	Terms of trade	Gross domestic product
			Total	Government	Non-residential	Housing				
1947.....	22.0	10.5	20.8	19.9	20.6	15.9	21.4	24.6	87.1	18.8
1948.....	24.9	12.0	23.6	22.3	23.4	18.5	23.5	27.7	85.0	21.2
1949.....	25.8	12.9	24.7	23.3	24.5	19.3	24.3	28.5	85.4	22.1
1950.....	26.6	13.4	25.7	24.1	25.6	20.1	25.4	30.6	83.2	22.5
1951.....	29.3	14.9	29.6	28.9	29.3	23.4	28.3	33.8	83.8	25.1
1952.....	30.0	15.6	30.5	29.6	30.2	23.8	28.0	31.2	89.9	26.2
1953.....	29.9	16.0	30.5	27.8	30.5	24.0	27.4	31.3	87.6	26.2
1954.....	30.3	16.6	30.4	27.9	30.4	23.8	27.1	31.4	86.4	26.6
1955.....	30.3	17.2	31.2	29.9	31.0	24.2	28.2	31.8	88.8	26.8
1956.....	30.7	18.4	32.9	33.1	32.4	24.6	29.0	32.9	88.2	27.8
1957.....	31.8	19.3	33.4	31.3	33.2	25.3	28.9	33.9	85.3	28.3
1958.....	32.6	19.9	33.2	29.7	33.3	25.2	28.7	34.4	83.4	28.8
1959.....	33.0	20.6	33.4	29.8	33.6	25.2	29.1	34.1	85.5	29.4
1960.....	33.3	21.3	33.9	30.1	34.1	25.7	29.3	34.5	85.1	29.7
1961.....	33.5	22.0	33.6	29.1	34.2	25.9	29.8	35.4	84.0	29.9
1962.....	33.9	22.6	34.1	29.3	34.7	26.0	31.0	37.1	83.4	30.2
1963.....	34.7	23.2	35.0	30.4	35.6	26.6	31.3	38.0	82.2	30.9
1964.....	35.2	23.9	36.3	31.3	36.9	27.8	31.9	38.3	83.4	31.7
1965.....	36.0	25.0	38.2	33.4	38.8	29.3	32.5	38.5	84.4	32.8
1966.....	37.4	26.9	40.2	35.3	40.7	31.3	33.4	39.3	85.0	34.4
1967.....	38.9	28.7	41.2	35.6	41.8	33.1	34.1	40.0	85.4	35.8
1968.....	40.6	30.5	41.6	35.8	42.3	33.9	34.6	41.1	84.2	37.1
1969.....	42.3	33.1	43.4	37.3	44.1	35.6	35.3	42.3	83.5	38.8
1970.....	43.8	35.1	45.3	39.0	46.1	36.9	36.6	43.3	84.4	40.6
1971.....	44.9	37.2	47.6	41.0	48.4	39.2	36.7	44.3	82.7	41.9
1972.....	46.7	40.0	50.6	43.3	51.5	42.9	38.1	45.4	83.9	44.2
1973.....	49.7	42.9	55.5	47.9	56.5	50.4	43.3	48.7	88.8	48.1
1974.....	54.9	48.8	64.7	58.2	65.3	59.9	56.1	58.5	96.0	55.1
1975.....	60.8	55.6	71.4	64.9	72.0	64.6	61.9	67.0	92.5	60.5
1976.....	65.2	62.7	76.2	68.0	77.1	70.2	63.6	67.5	94.3	65.8
1977.....	70.0	68.0	80.3	72.3	81.1	73.0	67.6	75.1	90.1	69.9
1978.....	75.3	73.0	84.6	77.4	85.3	77.1	71.0	81.8	86.8	74.1
1979.....	81.7	80.1	90.6	84.0	91.3	83.2	83.0	89.7	92.5	81.6
1980.....	89.8	88.3	93.8	91.1	94.0	90.2	94.4	95.6	98.8	90.2
1981.....	100.0	99.9	100.0	99.9	100.0	100.1	100.0	100.0	100.0	100.0
1982.....	110.2	111.6	106.1	107.1	106.0	102.2	101.9	104.7	97.4	108.7
1983.....	117.1	118.3	106.7	109.7	106.3	105.8	102.5	104.4	98.2	114.1
1984.....	122.3	124.1	109.5	113.3	109.0	110.3	105.4	109.8	96.0	117.9
1985.....	127.2	129.4	113.0	116.4	112.5	113.4	106.6	113.2	94.1	121.7
1986.....	132.6	134.6	116.0	118.3	115.7	122.4	104.0	113.5	91.6	125.3

(1) These implicit price indexes are currently weighted price indexes. They reflect not only pure price change, but also changing expenditure patterns within and between major groups. The implicit price index for gross domestic product is derived by dividing the total of current dollars by the total of constant dollars.

(2) Excludes investment income received from non-residents.

(3) Excludes investment income paid to non-residents.

Source: Statistics Canada, *National Income and Expenditure Accounts* (13-001)

Table 40.1
Change in Gross Domestic Product Implicit Price Indexes
 1948 – 1986
 (per cent)

Year	Personal expenditure on consumer goods and services	Government current expenditure on goods and services	Gross fixed capital formation				Exports of goods and services	Imports of goods and services	Terms of trade	Gross domestic product
			Total	Government	Non-residential	Housing				
1948.....	13.3	14.0	13.4	12.2	13.6	16.4	9.7	12.3	-2.4	12.9
1949.....	3.6	7.1	4.6	4.1	4.7	4.5	3.5	3.1	0.4	3.9
1950.....	3.1	3.9	4.4	3.7	4.5	4.4	4.5	7.3	-2.6	2.2
1951.....	10.1	11.2	14.9	20.0	14.1	16.4	11.2	10.4	0.8	11.7
1952.....	2.2	4.9	3.0	2.2	3.2	1.3	-0.9	-7.6	7.3	4.3
1953.....	-0.2	2.6	0.2	-5.9	1.2	0.9	-2.4	0.2	-2.5	0.0
1954.....	1.1	3.9	-0.3	0.2	-0.4	-0.9	-1.0	0.4	-1.4	1.6
1955.....	0.0	3.3	2.7	7.4	2.0	1.9	4.2	1.4	2.8	0.6
1956.....	1.6	7.1	5.2	10.7	4.4	1.5	2.7	3.4	-0.6	3.5
1957.....	3.4	5.2	1.5	-5.4	2.6	2.8	-0.4	3.0	-3.4	2.2
1958.....	2.5	3.0	-0.7	-5.1	0.2	-0.3	-0.6	1.5	-2.1	1.5
1959.....	1.2	3.4	0.7	0.3	0.9	0.0	1.6	-0.9	2.5	2.1
1960.....	1.0	3.6	1.4	1.1	1.6	1.9	0.7	1.1	-0.4	1.2
1961.....	0.6	3.2	-0.6	-3.3	0.2	0.9	1.4	2.8	-1.4	0.5
1962.....	1.3	2.4	1.3	0.8	1.4	0.3	4.0	4.7	-0.7	1.3
1963.....	2.2	2.8	2.9	3.6	2.7	2.5	0.9	2.4	-1.5	2.1
1964.....	1.5	3.1	3.6	3.0	3.7	4.2	2.2	0.7	1.4	2.6
1965.....	2.2	4.8	5.2	6.6	4.9	5.7	1.8	0.5	1.3	3.5
1966.....	3.8	7.3	5.3	5.8	5.1	6.7	2.8	2.1	0.7	4.8
1967.....	4.0	7.0	2.4	1.0	2.6	5.9	2.2	1.7	0.5	4.2
1968.....	4.5	6.2	1.0	0.3	1.1	2.2	1.3	2.8	-1.4	3.6
1969.....	4.1	8.4	4.4	4.5	4.4	5.0	2.2	3.0	-0.8	4.5
1970.....	3.6	6.0	4.4	4.5	4.4	3.8	3.5	2.4	1.1	4.6
1971.....	2.4	6.2	5.1	5.1	5.2	6.2	0.2	2.3	-2.1	3.2
1972.....	4.1	7.5	6.2	5.7	6.3	9.4	4.0	2.4	1.5	5.6
1973.....	6.4	7.2	9.8	10.6	9.6	17.6	13.6	7.3	5.8	8.8
1974.....	10.5	13.9	16.5	21.5	15.6	18.8	29.5	20.1	8.1	14.4
1975.....	10.6	13.8	10.4	11.4	10.3	7.7	10.5	14.5	-3.6	9.9
1976.....	7.3	12.9	6.8	4.9	7.1	8.7	2.7	0.7	1.9	8.7
1977.....	7.4	8.4	5.3	6.2	5.2	4.0	6.3	11.3	-4.5	6.2
1978.....	7.6	7.4	5.4	7.1	5.1	5.6	5.0	8.9	-3.6	6.0
1979.....	8.5	9.7	7.1	8.6	7.0	8.0	16.9	9.7	6.6	10.0
1980.....	9.9	10.2	3.5	8.4	3.0	8.3	13.6	6.5	6.7	10.6
1981.....	11.3	13.2	6.6	9.7	6.4	11.0	6.0	4.7	1.2	10.8
1982.....	10.2	11.7	6.1	7.2	6.0	2.1	2.0	4.7	-2.6	8.7
1983.....	6.3	6.0	0.6	2.4	0.3	3.5	0.6	-0.2	0.8	5.0
1984.....	4.4	4.9	2.6	3.3	2.5	4.3	2.8	5.2	-2.3	3.3
1985.....	4.0	4.2	3.2	2.8	3.2	2.8	1.1	3.1	-1.9	3.2
1986.....	4.3	4.0	2.7	1.6	2.9	7.9	-2.5	0.2	-2.7	3.0

Reference Table 41
Consumer Price Indexes: Standard Classifications
 1961 – 1986
 (1981 = 100)

Year	All Items	Food	Housing	Clothing	Transportation	Health and personal care	Recreation and reading	Tobacco and alcohol
1961	31.6	26.2	32.3	40.6	32.4	31.8	38.6	37.2
1962	32.0	26.7	32.7	41.0	32.4	32.4	38.9	37.6
1963	32.6	27.5	33.0	42.0	32.4	33.2	39.5	37.7
1964	33.2	28.0	33.6	43.0	32.7	34.3	40.1	38.4
1965	34.0	28.7	34.2	43.8	34.0	35.9	40.7	39.1
1966	35.2	30.6	35.1	45.5	34.7	37.0	41.9	40.0
1967	36.5	30.9	36.6	47.7	36.2	38.9	44.1	41.0
1968	38.0	32.0	38.3	49.2	37.2	40.5	46.2	44.8
1969	39.7	33.3	40.3	50.5	38.9	42.4	49.0	46.4
1970	41.0	34.1	42.3	51.5	40.4	44.3	50.7	47.0
1971	42.2	34.4	44.2	52.2	42.1	45.2	52.3	47.8
1972	44.2	37.0	46.2	53.6	43.2	47.4	53.8	49.1
1973	47.6	42.4	49.2	56.3	44.3	49.7	56.1	50.6
1974	52.8	49.4	53.5	61.7	48.7	54.0	61.0	53.4
1975	58.5	55.7	58.9	65.4	54.4	60.2	67.3	59.9
1976	62.9	57.3	65.4	69.0	60.3	65.3	71.3	64.1
1977	67.9	62.0	71.5	73.7	64.5	70.2	74.7	68.7
1978	73.9	71.6	76.9	76.5	68.3	75.2	77.6	74.3
1979	80.7	81.0	82.3	83.6	74.9	82.0	82.9	79.6
1980	88.9	89.8	89.0	93.4	84.5	90.2	90.8	88.6
1981	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1982	110.8	107.2	112.5	105.6	114.1	110.5	108.7	115.5
1983	117.2	111.2	120.1	109.8	119.8	118.2	115.7	130.0
1984	122.3	117.4	124.7	112.5	124.8	122.8	119.7	140.6
1985	127.1	120.8	129.0	115.6	130.8	127.2	124.5	154.0
1986	132.4	126.8	132.9	118.8	134.9	132.6	130.3	172.3

Source: Statistics Canada, *The Consumer Price Index* (62-001).

Table 41.1
Change in Consumer Price Indexes
 1962 – 1986
 (per cent)

Year	All Items	Food	Housing	Clothing	Transportation	Health and personal care	Recreation and reading	Tobacco and alcohol
1962.....	1.2	1.9	1.2	0.9	-0.1	2.0	1.0	1.3
1963.....	1.7	3.2	1.1	2.5	-0.0	2.5	1.3	0.2
1964.....	1.8	1.6	1.5	2.5	1.1	3.3	1.7	1.8
1965.....	2.5	2.6	1.8	1.8	3.8	4.7	1.5	1.7
1966.....	3.7	6.4	2.8	3.8	2.3	3.0	2.9	2.3
1967.....	3.6	1.3	4.3	5.0	4.3	5.2	5.0	2.6
1968.....	4.0	3.3	4.6	3.0	2.7	4.1	4.9	9.1
1969.....	4.5	4.3	5.2	2.8	4.5	4.8	5.9	3.8
1970.....	3.4	2.3	4.9	1.9	4.0	4.5	3.5	1.2
1971.....	2.8	1.1	4.6	1.5	4.1	2.0	3.3	1.7
1972.....	4.8	7.6	4.6	2.6	2.6	4.8	2.8	2.7
1973.....	7.6	14.6	6.5	4.9	2.7	4.9	4.2	3.1
1974.....	10.9	16.3	8.7	9.6	9.9	8.6	8.8	5.5
1975.....	10.8	12.9	10.0	6.0	11.7	11.4	10.4	12.0
1976.....	7.5	2.7	11.1	5.6	10.8	8.5	6.0	7.1
1977.....	8.0	8.3	9.4	6.8	7.0	7.4	4.7	7.1
1978.....	8.9	15.5	7.5	3.9	5.8	7.2	3.9	8.1
1979.....	9.2	13.2	7.0	9.2	9.7	9.1	6.9	7.2
1980.....	10.2	10.7	8.1	11.7	12.8	9.9	9.5	11.2
1981.....	12.5	11.4	12.4	7.1	18.4	10.9	10.1	12.9
1982.....	10.8	7.2	12.5	5.6	14.1	10.5	8.7	15.5
1983.....	5.8	3.7	6.8	4.0	5.0	7.0	6.5	12.6
1984.....	4.3	5.5	3.8	2.4	4.2	3.9	3.4	8.2
1985.....	4.0	2.9	3.5	2.8	4.8	3.5	4.0	9.5
1986.....	4.2	5.0	3.0	2.8	3.2	4.2	4.7	11.9

Reference Table 42
Consumer Price Indexes: Reclassified by Goods and Services
 1961–1986
 (1981 = 100)

Year	All items	Total excluding food	Total commodities	Total commodities excluding food	Non-durables	Non-durables excluding food	Durables	Total services ⁽¹⁾	Services excluding shelter
1961.....	31.6	34.0	32.5	38.8	27.5	31.4	50.7	29.6	28.1
1962.....	32.0	34.3	32.8	39.0	27.9	31.7	50.2	30.1	28.6
1963.....	32.6	34.7	33.4	39.3	28.4	31.7	50.3	30.6	29.1
1964.....	33.2	35.4	33.8	39.6	28.9	32.1	49.8	31.5	30.0
1965.....	34.0	36.2	34.4	40.1	29.5	32.6	49.7	32.7	31.5
1966.....	35.2	37.2	35.7	41.0	30.9	33.4	49.7	33.8	32.8
1967.....	36.5	38.9	36.6	42.4	31.5	34.4	51.1	35.6	34.8
1968.....	38.0	40.6	38.0	44.0	32.8	36.2	51.9	37.5	36.3
1969.....	39.7	42.4	39.2	45.1	34.1	37.5	52.4	40.0	38.6
1970.....	41.0	44.0	40.0	46.0	34.9	38.4	53.1	42.3	40.6
1971.....	42.2	45.6	40.7	47.0	35.6	39.6	53.9	44.4	42.3
1972.....	44.2	47.3	42.5	48.0	37.6	40.7	54.6	46.7	44.2
1973.....	47.6	49.7	46.3	49.9	42.0	42.8	55.3	49.6	46.4
1974.....	52.8	54.0	52.1	54.8	48.1	47.6	59.6	53.5	50.5
1975.....	58.5	59.5	57.8	59.9	54.3	53.8	64.1	59.3	57.1
1976.....	62.9	65.1	60.6	63.9	56.9	58.4	67.6	66.5	64.7
1977.....	67.9	70.2	65.1	68.2	61.5	62.9	71.0	72.5	70.6
1978.....	73.9	74.7	71.7	72.2	69.1	67.4	75.2	77.4	75.2
1979.....	80.7	80.6	79.3	78.8	76.9	73.5	82.4	82.9	81.3
1980.....	88.9	88.7	88.4	88.0	86.2	83.3	91.3	89.7	89.2
1981.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1982.....	110.8	111.8	109.4	110.7	111.6	116.6	105.6	112.9	113.5
1983.....	117.2	119.0	115.3	117.7	118.6	127.1	109.8	120.2	120.5
1984.....	122.3	123.8	120.7	122.6	125.5	134.2	113.4	124.8	125.4
1985.....	127.1	129.0	125.4	128.1	131.3	142.7	116.8	129.7	130.9
1986.....	132.4	134.1	129.6	131.6	135.2	144.7	122.8	136.3	139.0

⁽¹⁾ Includes new houses, property taxes, and mortgage interest, but excludes the commodity component of shelter repairs.

Source: Statistics Canada, *The Consumer Price Index* (62-001).

Table 42.1
Change in Consumer Price Indexes Reclassified by Goods and Services
 1962 – 1986
 (per cent)

Year	All items	Total excluding food	Total commodities	Total commodities excluding food	Non-durables	Non-durables excluding food	Durables	Total services	Services excluding shelter
1962	1.2	1.0	0.9	0.4	1.5	0.8	-0.9	1.7	1.8
1963	1.7	1.2	1.8	0.8	1.9	-0.1	0.1	1.8	1.7
1964	1.8	1.9	1.2	0.9	1.5	1.3	-1.0	2.7	3.1
1965	2.5	2.3	1.7	1.2	2.2	1.6	-0.2	3.8	5.2
1966	3.7	2.9	3.9	2.1	4.9	2.6	-0.0	3.5	4.0
1967	3.6	4.4	2.5	3.6	1.8	2.8	2.8	5.3	6.0
1968	4.0	4.4	3.7	3.6	4.3	5.3	1.6	5.3	4.3
1969	4.5	4.6	3.1	2.6	3.8	3.5	1.0	6.7	6.5
1970	3.4	3.8	2.1	1.8	2.3	2.4	1.2	5.9	5.0
1971	2.8	3.5	1.8	2.2	2.0	3.1	1.6	5.0	4.2
1972	4.8	3.7	4.5	2.3	5.8	2.9	1.2	5.1	4.7
1973	7.6	5.1	8.8	4.0	11.6	5.3	1.4	6.2	4.8
1974	10.9	8.8	12.6	9.7	14.5	11.2	7.7	7.9	8.8
1975	10.8	10.0	10.9	9.4	12.9	12.9	7.7	10.7	13.2
1976	7.5	9.4	4.9	6.7	4.8	8.5	5.4	12.2	13.3
1977	8.0	7.9	7.4	6.7	8.1	7.7	5.1	9.0	9.0
1978	8.9	6.4	10.1	6.0	12.4	7.2	5.8	6.8	6.6
1979	9.2	7.9	10.6	9.1	11.2	8.9	9.6	7.0	8.1
1980	10.2	10.0	11.4	11.6	12.2	13.3	10.9	8.2	9.6
1981	12.5	12.8	13.1	13.6	15.9	20.1	9.5	11.5	12.1
1982	10.8	11.8	9.4	10.7	11.6	16.6	5.6	12.9	13.5
1983	5.8	6.4	5.4	6.3	6.3	8.9	4.0	6.5	6.1
1984	4.3	4.0	4.7	4.2	5.8	5.7	3.3	3.9	4.1
1985	4.0	4.2	3.9	4.5	4.6	6.3	3.0	3.9	4.4
1986	4.2	4.0	3.4	2.8	3.0	1.4	5.1	5.1	6.2

Reference Table 43

Energy Prices

1960 – 1986

(1981 = 100)

Year	Consumer prices					Industrial electricity (>5000kwh)
	Gasoline	Natural gas	Electricity	Fuel oil	Total energy	
1960	24.3	27.5	32.4	17.9	—	—
1961	24.5	27.6	32.5	17.2	—	—
1962	24.4	27.8	32.2	16.9	—	—
1963	24.1	27.8	32.3	16.2	—	—
1964	25.2	27.8	32.2	15.4	—	—
1965	25.5	27.8	31.6	15.4	—	—
1966	26.6	27.7	31.6	15.4	—	—
1967	27.2	27.8	34.0	15.6	—	—
1968	28.2	28.2	35.6	16.3	—	—
1969	28.9	28.2	36.5	16.7	—	—
1970	29.6	27.8	39.6	17.1	—	—
1971	30.6	28.2	41.0	18.7	29.1	32.6
1972	30.9	28.4	42.1	19.9	29.9	32.9
1973	33.0	28.9	45.5	23.0	32.6	34.9
1974	38.4	31.8	47.3	29.7	37.6	38.9
1975	43.5	38.4	52.7	33.7	42.7	42.9
1976	48.9	49.5	61.2	39.2	49.2	50.1
1977	53.1	56.1	71.6	45.2	55.2	65.8
1978	56.0	66.6	77.4	51.6	60.4	73.1
1979	61.8	70.2	84.1	58.0	66.3	80.6
1980	73.5	78.5	91.9	69.7	76.9	91.0
1981	100.0	100.0	100.0	100.0	100.0	100.0
1982	121.4	124.3	111.3	122.2	119.8	114.6
1983	128.8	136.8	121.0	134.7	129.1	125.0
1984	136.3	138.8	129.1	143.5	136.3	133.6
1985	144.4	139.8	135.3	155.9	143.9	139.7
1986	128.4	139.3	139.8	128.1	133.6	144.7

Note: Data for total energy and industrial electricity are not published for the period prior to 1971.

Source: Statistics Canada, *The Consumer Price Index* (62-001); *Industry Price Indexes* (62-011).

Table 43.1
Change in Energy Prices
 1961 – 1986
 (per cent)

Year	Consumer prices					Industrial electricity (>5000kwh)
	Gasoline	Natural gas	Electricity	Fuel oil	Total energy	
1961.....	0.6	0.3	0.5	-3.9	—	—
1962.....	-0.2	0.8	-1.0	-1.8	—	—
1963.....	-1.4	0.0	0.3	-3.9	—	—
1964.....	4.5	0.0	-0.4	-5.1	—	—
1965.....	1.4	0.0	-1.7	-0.1	—	—
1966.....	4.3	-0.3	0.1	0.0	—	—
1967.....	2.3	0.2	7.3	1.6	—	—
1968.....	3.6	1.5	4.9	4.5	—	—
1969.....	2.5	0.0	2.5	2.2	—	—
1970.....	2.2	-1.4	8.5	2.1	—	—
1971.....	3.6	1.6	3.5	9.9	—	—
1972.....	0.8	0.5	2.7	6.1	2.9	1.0
1973.....	6.8	1.7	8.2	15.5	9.0	6.0
1974.....	16.6	10.1	3.8	29.5	15.2	11.3
1975.....	13.2	20.9	11.5	13.5	13.6	10.4
1976.....	12.4	28.9	16.1	16.1	15.4	16.7
1977.....	8.6	13.2	17.0	15.4	12.1	31.3
1978.....	5.6	18.8	8.1	14.1	9.3	11.2
1979.....	10.2	5.5	8.7	12.5	9.8	10.3
1980.....	19.0	11.8	9.2	20.1	16.0	12.9
1981.....	36.0	27.4	8.8	43.5	30.0	9.9
1982.....	21.4	24.3	11.4	22.2	19.8	14.6
1983.....	6.1	10.0	8.6	10.2	7.8	9.1
1984.....	5.9	1.4	6.8	6.5	5.5	6.9
1985.....	5.9	0.8	4.8	8.7	5.6	4.6
1986.....	-11.1	-0.4	3.3	-17.8	-7.1	3.6

Reference Table 44
Other Price Indexes
 1961–1986
 (1981 = 100)

Year	World commodity prices ⁽¹⁾		Industrial product prices			Building materials		Merchandise export prices	Merchandise import prices	Terms of trade ⁽³⁾
	Total	Food	Total	Food	Non-food ⁽²⁾	Residential	Non-residential			
1961	—	—	30.2	27.3	31.0	—	29.5	30.9	38.1	81.3
1962	—	—	30.6	27.9	31.2	—	29.2	32.3	39.8	81.2
1963	—	—	31.0	29.0	31.5	—	30.0	32.5	40.8	79.5
1964	—	—	31.2	29.1	31.8	—	31.4	33.1	41.0	80.8
1965	—	—	31.6	29.4	32.2	—	32.8	33.5	40.9	82.0
1966	—	—	32.6	31.1	32.9	—	34.0	34.3	41.6	82.4
1967	—	—	33.2	31.3	33.7	—	34.7	34.6	42.1	82.2
1968	—	—	33.9	31.7	34.4	—	35.6	35.0	43.0	81.4
1969	—	—	35.2	33.4	35.6	—	37.1	35.6	43.9	80.9
1970	—	—	36.0	34.3	36.4	—	38.2	36.6	44.7	81.8
1971	23.9	19.2	36.7	35.4	37.0	42.3	39.5	36.4	45.3	80.3
1972	31.0	25.9	38.3	38.6	38.3	46.4	41.4	37.6	46.4	81.1
1973	50.5	40.6	42.6	47.2	41.6	52.5	44.7	43.1	49.8	86.4
1974	62.1	54.3	50.7	55.7	49.5	57.2	54.2	57.2	61.4	93.3
1975	53.9	49.0	56.4	61.3	55.3	59.1	58.0	63.0	70.7	89.1
1976	63.1	56.8	59.3	62.2	58.6	65.0	61.8	63.8	71.1	89.8
1977	76.5	74.7	64.0	66.5	63.4	69.9	65.4	67.4	78.3	86.1
1978	80.5	77.7	69.9	73.9	69.0	77.8	70.8	70.7	84.2	84.0
1979	98.2	92.0	80.0	83.3	79.3	87.6	82.4	83.6	91.6	91.2
1980	115.6	113.6	90.7	92.1	90.4	91.0	90.9	95.2	96.8	98.4
1981	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1982	86.5	89.1	106.7	104.3	107.0	104.2	106.3	100.4	103.6	96.9
1983	97.3	98.2	110.4	107.3	110.9	111.2	110.8	100.4	102.2	98.2
1984	96.4	104.0	115.4	113.3	115.7	114.9	115.1	103.3	107.0	96.6
1985	86.5	91.6	118.6	114.5	119.2	119.6	119.3	103.8	109.3	95.0
1986	90.5	99.5	119.6	119.0	119.6	129.3	125.9	100.4	108.7	92.4

(1) The Economist.

(2) The Industrial Product Price Index for non-food includes alcoholic beverages.

(3) The index of the ratio of merchandise export prices to merchandise import prices.

Source: Statistics Canada, *Trade of Canada Exports* (65-004); *Trade of Canada Imports* (65-007); *Industry Price Indexes* (62-011); and *Construction Price Statistics* (62-007).

Table 44.1
Change in Other Price Indexes
 1962 – 1986
 (per cent)

Year	World commodity prices		Industrial product prices			Building materials		Merchandise export prices	Merchandise import prices	Terms of trade
	Total	Food	Total	Food	Non-food	Residential	Non-residential			
1962	—	—	1.1	2.2	0.8	—	-0.9	4.5	4.7	-0.1
1963	—	—	1.3	3.8	0.7	—	2.7	0.5	2.5	-2.0
1964	—	—	0.8	0.4	0.9	—	4.9	2.0	0.4	1.6
1965	—	—	1.3	1.1	1.4	—	4.5	1.2	-0.3	1.5
1966	—	—	2.9	5.8	2.1	—	3.5	2.3	1.9	0.4
1967	—	—	1.9	0.7	2.4	—	2.1	0.9	1.0	-0.1
1968	—	—	2.1	1.2	2.3	—	2.5	1.2	2.3	-1.1
1969	—	—	3.8	5.4	3.3	—	4.4	1.6	2.1	-0.5
1970	—	—	2.4	2.6	2.3	—	2.8	2.8	1.8	1.0
1971	—	—	1.9	3.1	1.7	—	3.4	-0.5	1.3	-1.9
1972	29.5	34.9	4.4	9.0	3.4	9.8	4.9	3.4	2.3	1.1
1973	63.1	56.6	11.2	22.5	8.6	12.9	7.8	14.6	7.5	6.5
1974	22.9	33.9	18.9	18.1	19.1	9.0	21.4	32.6	23.3	7.9
1975	-13.2	-9.8	11.3	10.0	11.6	3.3	7.1	10.1	15.1	-4.5
1976	17.2	16.0	5.1	1.4	6.1	9.9	6.5	1.3	0.5	0.8
1977	21.2	31.4	7.9	6.9	8.1	7.6	5.7	5.6	10.2	-4.1
1978	5.1	4.1	9.2	11.2	8.8	11.4	8.3	4.9	7.5	-2.5
1979	22.0	18.4	14.4	12.8	14.9	12.5	16.3	18.2	8.9	8.6
1980	17.8	23.5	13.4	10.6	14.1	4.0	10.4	14.0	5.7	7.9
1981	-13.5	-12.0	10.2	8.5	10.6	9.9	10.0	5.0	3.3	1.7
1982	-13.5	-10.9	6.7	4.3	7.0	4.2	6.3	0.5	3.6	-3.1
1983	12.6	10.2	3.5	2.9	3.6	6.7	4.2	-0.0	-1.4	1.3
1984	-1.0	5.9	4.5	5.6	4.3	3.3	3.9	2.9	4.7	-1.7
1985	-10.3	-11.9	2.8	1.1	3.0	4.1	3.6	0.5	2.2	-1.6
1986	4.7	8.7	0.8	3.9	0.3	8.1	5.5	-3.3	-0.6	-2.7

Reference Table 45
Total Government Revenues
National Income and Expenditure Accounts Basis
1950 – 1986
(millions of dollars)

Year	Direct taxes, persons	Direct taxes, corporations	Withholding taxes	Indirect taxes	Transfers from persons	Investment income	Capital consumption allowances	Total CPP and QPP ⁽¹⁾	Total revenues ⁽²⁾
1950.....	915	993	54	2,129	62	280	201	—	4,634
1951.....	1,279	1,431	56	2,677	77	285	248	—	6,053
1952.....	1,588	1,403	55	2,901	82	368	265	—	6,662
1953.....	1,748	1,244	54	3,107	84	378	280	—	6,895
1954.....	1,776	1,115	58	3,131	73	373	293	—	6,819
1955.....	1,855	1,310	67	3,407	79	420	320	—	7,458
1956.....	2,127	1,443	69	3,858	97	537	365	—	8,496
1957.....	2,350	1,378	83	4,095	106	490	385	—	8,887
1958.....	2,214	1,350	48	4,186	124	542	404	—	8,868
1959.....	2,444	1,615	74	4,651	224	604	434	—	10,046
1960.....	2,794	1,588	79	4,901	234	649	465	—	10,710
1961.....	2,944	1,649	116	5,112	247	721	539	—	11,328
1962.....	3,180	1,753	125	5,757	256	795	579	—	12,445
1963.....	3,387	1,891	127	6,062	268	899	636	—	13,270
1964.....	3,917	2,101	140	6,826	309	982	683	—	14,958
1965.....	4,431	2,197	167	7,674	370	1,080	769	—	16,688
1966.....	5,792	2,355	204	8,592	393	1,226	865	724	19,427
1967.....	7,009	2,396	218	9,402	436	1,479	937	904	21,877
1968.....	8,244	2,852	209	10,200	600	1,752	994	1,040	24,851
1969.....	10,055	3,221	234	11,304	826	2,276	1,095	1,190	29,011
1970.....	11,547	3,070	269	11,925	1,059	2,724	1,206	1,327	31,800
1971.....	13,042	3,346	278	12,918	1,088	3,217	1,358	1,478	35,247
1972.....	14,631	3,920	287	14,616	1,016	3,739	1,495	1,657	39,704
1973.....	17,041	5,079	322	16,525	1,050	4,423	1,695	1,875	46,135
1974.....	21,257	7,051	430	20,663	1,107	6,009	2,117	2,313	58,634
1975.....	24,138	7,494	465	21,287	1,119	7,176	2,491	2,780	64,170
1976.....	28,431	7,128	504	24,666	1,457	8,446	2,795	3,282	73,427
1977.....	31,820	7,238	534	27,027	1,644	9,978	3,158	3,666	81,399
1978.....	33,723	8,188	582	28,836	1,974	12,467	3,523	4,231	89,293
1979.....	37,400	10,038	754	32,112	2,215	14,932	4,009	4,867	101,460
1980.....	42,803	12,078	995	35,505	2,434	17,940	4,553	5,670	116,308
1981.....	52,847	12,796	1,110	45,956	2,686	20,934	5,311	6,535	141,640
1982.....	58,943	11,755	1,178	48,248	3,033	22,309	5,881	7,808	151,347
1983.....	63,605	12,320	1,043	50,150	3,434	25,267	6,297	8,042	162,116
1984.....	68,299	14,994	1,100	55,047	3,660	28,409	6,724	9,016	178,233
1985.....	75,103	15,474	1,069	58,944	3,695	29,891	7,232	9,892	191,408
1986.....	85,112	13,983	1,675	64,089	3,944	29,540	7,643	10,729	205,986

(1) Canada Pension Plan (CPP) and Quebec Pension Plan (QPP) employer-employee contributions and investment income included in total government direct taxes, persons, and investment income respectively.

(2) Includes CPP and QPP. Excludes intergovernmental transfers.

Source: Statistics Canada, *National Income and Expenditure Accounts* (13-001).

Reference Table 4
Total Government Expenditures
National Income and Expenditure Accounts Basis
1950 – 1986
(millions of dollars)

Year	Goods and services	National defence ⁽¹⁾	Transfers to persons	Interest on the public debt	Subsidies	Capital assistance	Transfer payments to non-residents	Total CPP and QPP ⁽²⁾	Gross capital formation	Total expenditures	Deficit(–) or surplus ⁽³⁾
1950.....	1,928	493	1,023	544	64	10	14	—	497	4,080	554
1951.....	2,811	1,157	1,024	609	129	13	21	—	620	5,227	826
1952.....	3,620	1,800	1,343	651	102	14	28	—	847	6,605	57
1953.....	3,824	1,907	1,449	620	113	14	37	—	755	6,812	83
1954.....	3,825	1,727	1,626	650	89	13	23	—	865	7,091	–272
1955.....	4,036	1,760	1,719	664	86	8	36	—	949	7,498	–40
1956.....	4,426	1,802	1,746	718	127	27	42	—	1,138	8,224	272
1957.....	4,573	1,765	2,052	774	120	29	52	—	1,306	8,906	–19
1958.....	4,854	1,661	2,605	826	150	18	67	—	1,426	9,946	–1,078
1959.....	4,976	1,559	2,721	1,023	250	22	85	—	1,570	10,647	–601
1960.....	5,281	1,546	3,090	1,093	314	17	74	—	1,511	11,380	–670
1961.....	6,166	1,611	2,724	1,184	345	25	77	—	1,682	12,203	–875
1962.....	6,567	1,675	2,928	1,316	388	48	60	—	1,900	13,207	–762
1963.....	6,923	1,558	3,000	1,431	434	93	89	—	1,973	13,943	–673
1964.....	7,526	1,565	3,200	1,546	469	112	95	—	1,968	14,916	42
1965.....	8,269	1,539	3,429	1,676	493	115	119	—	2,430	16,531	157
1966.....	9,643	1,689	3,759	1,862	674	91	195	15	2,842	19,066	361
1967.....	11,092	1,786	4,678	2,080	673	117	217	17	2,982	21,839	38
1968.....	12,685	1,797	5,461	2,390	680	123	170	37	3,013	24,522	329
1969.....	14,186	1,759	6,119	2,767	760	158	185	77	3,061	27,236	1,775
1970.....	16,448	1,825	6,981	3,252	830	173	244	134	3,160	31,088	712
1971.....	18,228	1,881	8,272	3,622	865	274	249	200	3,705	35,215	32
1972.....	20,136	1,889	9,935	4,137	989	308	279	284	3,968	39,752	–48
1973.....	22,851	2,131	11,213	4,788	1,214	377	318	406	4,255	45,016	1,119
1974.....	27,480	2,503	13,858	5,425	2,796	381	407	542	5,436	55,783	2,851
1975.....	33,266	2,754	17,054	6,538	4,200	530	592	777	6,274	68,454	–4,284
1976.....	38,274	3,152	19,464	8,101	3,674	635	542	1,099	6,286	76,976	–3,549
1977.....	43,411	3,622	22,191	9,268	3,839	728	638	1,428	6,784	86,859	–5,460
1978.....	47,386	3,986	25,000	11,589	4,017	780	1,013	1,782	7,141	96,926	–7,633
1979.....	52,286	4,129	26,435	13,810	5,477	829	767	2,174	7,399	107,003	–5,543
1980.....	59,250	4,795	30,466	16,790	8,233	1,077	817	2,667	8,292	124,925	–8,617
1981.....	68,792	5,516	34,958	22,268	9,499	1,231	875	3,285	9,242	146,865	–5,225
1982.....	78,655	6,654	43,629	27,072	9,340	3,168	1,063	4,022	10,588	173,515	–22,168
1983.....	84,571	7,102	49,947	29,419	10,015	4,660	1,194	4,861	10,350	190,156	–28,040
1984.....	89,989	8,082	53,717	35,075	12,024	4,133	1,571	5,776	11,345	207,854	–29,621
1985.....	96,374	9,480	58,486	40,531	11,488	3,788	1,643	6,715	12,685	224,995	–33,587
1986.....	101,198	9,424	61,956	42,428	10,166	3,638	1,796	7,619	12,673	233,855	–27,869

⁽¹⁾ Included in goods and services.

⁽²⁾ Canada Pension Plan (CPP) and Quebec Pension Plan (QPP) benefit payments within Canada, administrative expenses and benefit payments abroad are included in transfers to persons, goods and services and transfer payments to non-residents respectively.

⁽³⁾ Includes CPP and QPP. Excludes intergovernmental transfers.

Source: Statistics Canada, *National Income and Expenditure Accounts* (13-001).

Reference Table 47
Federal Government Revenues
National Income and Expenditure Accounts Basis
1950 – 1986
(millions of dollars)

Year	Direct taxes, persons	Direct taxes, corporations	Withholding taxes	Indirect taxes	Transfers from persons	Investment income	Capital consumption allowances	Total revenues
1950.....	806	847	54	1,115	7	133	58	3,020
1951.....	1,158	1,242	56	1,494	6	143	66	4,165
1952.....	1,461	1,294	55	1,594	7	205	71	4,687
1953.....	1,613	1,168	54	1,697	2	200	75	4,809
1954.....	1,622	1,051	58	1,612	1	187	77	4,608
1955.....	1,647	1,248	67	1,743	1	220	82	5,008
1956.....	1,910	1,364	69	1,970	1	296	88	5,698
1957.....	2,105	1,170	83	1,989	2	230	93	5,672
1958.....	1,965	1,105	48	1,906	2	285	98	5,409
1959.....	2,183	1,340	74	2,120	2	316	104	6,139
1960.....	2,503	1,308	79	2,177	3	336	111	6,517
1961.....	2,629	1,345	116	2,188	2	377	122	6,779
1962.....	2,605	1,314	125	2,400	1	404	129	6,978
1963.....	2,730	1,412	127	2,449	2	465	137	7,322
1964.....	3,129	1,576	140	2,845	2	523	143	8,358
1965.....	3,332	1,652	167	3,245	3	543	155	9,097
1966.....	3,634	1,774	204	3,570	3	636	172	9,993
1967.....	4,305	1,758	218	3,705	3	747	187	10,923
1968.....	5,125	2,107	209	3,761	4	834	197	12,237
1969.....	6,503	2,402	234	4,028	2	1,118	213	14,500
1970.....	7,436	2,276	269	4,034	2	1,290	231	15,538
1971.....	8,299	2,477	278	4,480	4	1,472	259	17,269
1972.....	9,285	2,901	287	5,121	5	1,700	280	19,579
1973.....	10,861	3,643	322	5,837	6	1,836	311	22,816
1974.....	13,538	5,012	430	8,495	8	2,120	371	29,974
1975.....	15,231	5,380	465	7,970	8	2,323	440	31,817
1976.....	18,042	5,061	504	8,726	11	2,635	500	35,479
1977.....	18,042	5,135	534	9,227	13	3,144	572	36,667
1978.....	17,708	5,737	582	9,850	15	3,743	640	38,275
1979.....	20,252	6,860	754	10,768	17	4,031	726	43,408
1980.....	23,456	8,406	995	12,254	17	4,715	810	50,653
1981.....	29,215	9,323	1,110	18,986	15	5,433	923	65,005
1982.....	32,142	9,212	1,178	17,588	15	4,991	993	66,119
1983.....	35,479	9,536	1,043	16,303	16	6,201	1,056	69,634
1984.....	37,520	11,325	1,100	18,124	18	7,487	1,131	76,705
1985.....	42,679	11,461	1,069	18,897	22	8,294	1,267	83,689
1986.....	49,016	9,684	1,675	20,665	24	8,825	1,353	91,242

Source: Statistics Canada, *National Income and Expenditure Accounts* (13-001).

Reference Table 48
Federal Government Expenditures
National Income and Expenditure Accounts Basis
1950 – 1986
(millions of dollars)

Year	Goods and services	National defense ⁽¹⁾	Transfers to persons	Interest on the public debt	Subsidies	Capital assistance	Transfer payments to non-residents	Transfers to other levels of government	Gross capital formation	Total expenditures	Deficit(–) or surplus
1950.....	923	493	615	427	60	1	14	251	79	2,370	650
1951.....	1,634	1,157	580	486	124	—	21	259	90	3,194	971
1952.....	2,315	1,800	975	515	96	2	28	368	193	4,492	195
1953.....	2,462	1,907	1,043	471	106	1	37	412	126	4,658	151
1954.....	2,316	1,727	1,165	482	84	1	23	430	153	4,654	–46
1955.....	2,364	1,760	1,229	487	75	3	36	450	162	4,806	202
1956.....	2,517	1,802	1,221	516	118	16	42	485	185	5,100	598
1957.....	2,513	1,765	1,460	531	108	20	52	521	217	5,422	250
1958.....	2,524	1,661	1,893	568	131	13	67	663	317	6,176	–767
1959.....	2,387	1,559	1,782	733	229	19	85	880	363	6,478	–339
1960.....	2,426	1,546	1,973	753	283	15	74	994	228	6,746	–229
1961.....	2,590	1,611	2,005	786	285	22	77	1,128	306	7,199	–420
1962.....	2,700	1,675	2,110	865	322	45	60	1,134	270	7,506	–528
1963.....	2,617	1,558	2,134	935	355	90	89	1,169	236	7,625	–303
1964.....	2,748	1,565	2,241	995	379	109	95	1,252	209	8,028	330
1965.....	2,835	1,539	2,311	1,052	372	109	119	1,431	351	8,580	517
1966.....	3,280	1,689	2,484	1,151	500	88	195	1,664	430	9,792	201
1967.....	3,577	1,786	2,918	1,245	519	99	217	1,992	464	11,031	–108
1968.....	3,904	1,797	3,295	1,409	522	101	170	2,372	500	12,273	–36
1969.....	4,231	1,759	3,598	1,589	555	136	185	2,726	486	13,506	994
1970.....	4,530	1,825	4,057	1,862	589	147	244	3,397	465	15,291	247
1971.....	4,940	1,881	4,684	1,974	513	220	249	4,323	505	17,408	–139
1972.....	5,382	1,889	6,186	2,253	596	244	277	4,558	613	20,109	–530
1973.....	6,026	2,131	7,008	2,518	738	278	315	4,807	692	22,382	434
1974.....	7,235	2,503	8,705	2,961	2,060	248	403	6,165	929	28,706	1,268
1975.....	8,380	2,754	10,620	3,705	3,294	320	588	7,670	1,063	35,640	–3,823
1976.....	9,677	3,152	11,533	4,519	2,502	418	537	8,522	1,108	38,816	–3,337
1977.....	11,176	3,622	13,089	5,101	2,364	539	630	9,967	1,144	44,010	–7,343
1978.....	11,997	3,986	14,647	6,410	2,401	610	1,003	10,875	1,186	49,129	–10,854
1979.....	12,718	4,129	14,657	8,080	3,332	606	756	11,754	888	52,791	–9,383
1980.....	13,901	4,795	16,470	9,897	5,646	775	804	12,831	992	61,316	–10,663
1981.....	16,484	5,516	18,684	13,739	6,634	900	859	14,087	933	72,320	–7,315
1982.....	18,858	6,654	24,380	16,675	5,777	2,553	1,043	15,844	1,270	86,400	–20,281
1983.....	19,555	7,102	28,079	17,412	5,662	3,599	1,170	17,637	1,513	94,627	–24,993
1984.....	21,399	8,082	29,608	21,320	7,473	3,369	1,543	19,905	2,503	107,120	–30,415
1985.....	23,834	9,480	31,681	25,285	6,368	2,984	1,611	21,746	2,146	115,655	–31,966
1986.....	24,078	9,424	33,248	26,434	4,794	2,469	1,756	21,117	2,153	116,049	–24,807

(1) Included in goods and services.

Source: Statistics Canada, *National Income and Expenditure Accounts* (13-001).

Reference Table 49
Federal Government Debt
Public Accounts Basis⁽¹⁾
(millions of dollars)

Year	Gross debt ⁽¹⁾	Net debt ⁽¹⁾	Unmatured debt ⁽¹⁾	Public debt charges ⁽²⁾	
				Gross	Net
1952	15,940	10,396	13,890	512	394
1957	16,861	11,447	13,188	508	301
1962	21,927	14,597	16,786	832	524
1963	23,357	15,430	17,916	915	603
1964	25,139	16,599	18,638	993	627
1965	26,217	16,914	18,871	1,050	627
1966	26,815	16,611	18,883	1,110	672
1967	28,239	16,781	19,477	1,182	663
1968	29,824	17,509	20,227	1,286	674
1969	32,034	17,909	21,665	1,464	769
1970	33,274	17,577	22,060	1,694	834
1971	37,127	18,357	24,803	1,887	887
1972	41,184	19,899	27,163	2,110	977
1973	44,707	21,574	28,942	2,300	1,035
1974	47,556	23,573	29,063	2,565	1,104
1975	52,883	25,582	32,956	3,238	1,436
1976	59,820	31,319	37,546	3,970	1,887
1977	67,331	37,616	42,356	4,708	2,298
1978	79,887	48,042	51,383	5,531	2,939
1979	96,964	60,659	66,347	7,024	3,965
1980	104,881	72,159	71,711	8,494	4,835
1981	120,446	85,681	82,948	10,658	6,298
1982	137,573	100,553	92,949	15,114	10,050
1983	166,203	128,369	116,318	16,903	12,287
1984	199,497	160,768	142,637	18,077	13,705
1985	237,112	199,092	172,432	22,455	18,203
1986	269,286	233,496	200,694	25,441	21,702

⁽¹⁾ As at March 31 of each year. Unmatured debt figures are net of the government's holdings of its own debt. Data for gross debt and net debt for years prior to 1962 are not entirely consistent with those for later years due to changes in accounting practices. Revised data are available only from March 1962.

⁽²⁾ Fiscal year ended March 31.

Source: *Public Accounts of Canada*.

Reference Table 50
Federal Government Debt Relative to GDP
 (per cent of GDP)⁽¹⁾

Year	Gross debt ⁽²⁾	Net debt ⁽²⁾	Unmatured debt ⁽²⁾	Public debt charges ⁽³⁾	
				Gross	Net
1952.....	71.5	46.7	62.3	2.3	1.8
1957.....	51.2	34.8	40.1	1.5	0.9
1962.....	53.6	35.7	41.1	2.0	1.3
1963.....	52.6	34.7	40.3	2.1	1.4
1964.....	52.7	34.8	39.1	2.1	1.3
1965.....	50.2	32.4	36.2	2.0	1.2
1966.....	46.6	28.9	32.8	1.9	1.2
1967.....	43.9	26.1	30.2	1.8	1.0
1968.....	43.2	25.4	29.3	1.9	1.0
1969.....	42.5	23.7	28.7	1.9	1.0
1970.....	40.1	21.2	26.6	2.0	1.0
1971.....	41.7	20.6	27.8	2.1	1.0
1972.....	42.3	20.5	27.9	2.2	1.0
1973.....	41.2	19.9	26.6	2.1	1.0
1974.....	37.3	18.5	22.8	2.0	0.9
1975.....	34.8	16.8	21.7	2.1	0.9
1976.....	34.9	18.3	21.9	2.3	1.1
1977.....	34.0	19.0	21.4	2.4	1.2
1978.....	36.7	22.0	23.6	2.5	1.3
1979.....	40.1	25.1	27.5	2.9	1.6
1980.....	38.0	26.1	26.0	3.1	1.8
1981.....	38.9	27.6	26.8	3.4	2.0
1982.....	38.6	28.2	26.1	4.2	2.8
1983.....	44.4	34.3	31.1	4.5	3.3
1984.....	49.2	39.6	35.2	4.5	3.4
1985.....	53.2	44.7	38.7	5.0	4.1
1986.....	56.2	48.7	41.9	5.3	4.5

⁽¹⁾ Calculated using GDP of calendar year preceding the fiscal year-end.

⁽²⁾ As at March 31 of each year. Unmatured debt figures are net of the government's holdings of its own debt. Data for gross debt and net debt for years prior to 1962 are not entirely consistent with those for later years due to changes in accounting practices. Revised data are available only from March 1962.

⁽³⁾ Fiscal year ended March 31.

Source: *Public Accounts of Canada*.

Reference Table 51
Provincial Government Revenues
National Income and Expenditure Accounts Basis
1950 – 1986
(millions of dollars)

Year	Direct taxes, persons	Direct taxes, corporations	Indirect taxes	Transfers from persons	Investment income	Transfers from other levels of government	Capital consumption allowances	Total revenues
1950.....	102	146	515	51	89	261	62	1,226
1951.....	121	189	575	60	117	270	80	1,412
1952.....	127	109	607	61	140	378	81	1,503
1953.....	135	76	652	64	154	424	83	1,588
1954.....	154	64	690	56	165	443	88	1,660
1955.....	208	62	762	59	186	465	100	1,842
1956.....	217	79	864	72	221	494	125	2,072
1957.....	245	208	958	78	240	533	129	2,391
1958.....	249	245	1,016	94	234	657	132	2,627
1959.....	261	275	1,087	191	264	880	143	3,101
1960.....	291	280	1,131	197	287	979	154	3,319
1961.....	315	304	1,270	211	296	1,110	161	3,667
1962.....	575	439	1,572	217	339	1,105	177	4,424
1963.....	657	479	1,713	225	371	1,134	199	4,778
1964.....	788	525	2,006	261	397	1,217	216	5,410
1965.....	1,099	545	2,265	313	467	1,379	256	6,324
1966.....	1,444	581	2,622	331	505	1,593	293	7,369
1967.....	1,855	638	3,019	367	590	1,951	310	8,730
1968.....	2,194	745	3,447	541	703	2,320	325	10,275
1969.....	2,545	819	3,933	776	859	2,678	355	11,965
1970.....	3,057	794	4,263	1,007	1,029	3,347	393	13,890
1971.....	3,640	869	4,566	1,031	1,211	4,274	432	16,023
1972.....	4,156	1,019	5,261	956	1,397	4,449	480	17,718
1973.....	4,875	1,436	6,198	984	1,818	4,734	560	20,605
1974.....	6,111	2,039	7,236	1,038	2,909	6,054	755	26,142
1975.....	7,001	2,114	7,547	1,046	3,694	7,577	890	29,869
1976.....	8,184	2,067	9,077	1,348	4,370	8,369	976	34,391
1977.....	11,365	2,103	10,039	1,521	5,201	9,665	1,090	40,984
1978.....	13,289	2,451	10,419	1,849	6,749	10,591	1,226	46,574
1979.....	14,061	3,178	11,912	2,056	8,438	11,515	1,383	52,543
1980.....	15,806	3,672	13,015	2,247	10,266	12,641	1,607	59,254
1981.....	19,661	3,473	15,311	2,475	11,728	13,955	1,917	68,520
1982.....	22,058	2,543	17,940	2,796	13,004	15,647	2,106	76,094
1983.....	23,540	2,784	20,258	3,184	14,477	17,295	2,268	83,806
1984.....	25,636	3,669	22,362	3,390	15,736	19,561	2,479	92,833
1985.....	26,728	4,013	24,573	3,404	16,047	21,401	2,508	98,674
1986.....	29,850	4,299	26,810	3,632	14,846	20,785	2,609	102,831

Source: Statistics Canada, *National Income and Expenditure Accounts* (13-001).

Reference Table 52
Provincial Government Expenditures
National Income and Expenditure Accounts Basis
1950 – 1986
(millions of dollars)

Year	Goods and services	Transfers to persons	Interest on the public debt	Subsidies	Capital assistance	Transfers to other levels of government	Gross capital formation	Total expenditures	Deficit(–) or surplus
1950.....	391	384	75	4	9	171	196	1,230	-4
1951.....	470	416	78	5	13	197	229	1,408	4
1952.....	502	334	83	6	12	215	290	1,442	61
1953.....	498	368	88	7	13	242	265	1,481	107
1954.....	519	417	94	5	12	259	301	1,607	53
1955.....	578	449	93	11	5	327	351	1,814	28
1956.....	688	485	101	9	11	362	460	2,116	-44
1957.....	703	547	116	12	9	452	536	2,375	16
1958.....	816	658	115	19	5	545	519	2,677	-50
1959.....	907	874	121	21	3	622	566	3,114	-13
1960.....	986	1,044	143	31	2	714	612	3,532	-213
1961.....	1,043	640	160	36	3	1,520	546	3,948	-281
1962.....	1,066	734	184	39	3	1,829	625	4,480	-56
1963.....	1,214	778	212	46	3	1,965	659	4,877	-99
1964.....	1,326	870	238	57	3	2,221	776	5,491	-81
1965.....	1,503	1,024	271	85	6	2,560	875	6,324	
1966.....	1,884	1,173	317	139	3	3,041	986	7,543	-174
1967.....	2,353	1,647	385	118	18	3,506	1,046	9,073	-343
1968.....	2,798	2,003	485	119	22	3,958	958	10,343	-68
1969.....	3,084	2,310	638	148	22	4,434	1,025	11,661	304
1970.....	4,158	2,588	761	173	26	5,394	1,046	14,146	-256
1971.....	4,726	3,134	920	268	54	5,999	1,409	16,510	-487
1972.....	5,340	3,227	1,127	303	64	6,823	1,556	18,440	-722
1973.....	6,115	3,554	1,404	370	99	7,540	1,637	20,719	-114
1974.....	7,581	4,402	1,545	601	133	9,100	2,069	25,431	711
1975.....	9,661	5,410	1,839	747	210	11,284	2,418	31,569	-1,700
1976.....	10,839	6,568	2,327	987	217	12,724	2,182	35,844	-1,453
1977.....	12,541	7,416	2,690	1,254	189	15,083	2,384	41,557	-573
1978.....	14,031	8,274	3,452	1,350	170	15,626	2,653	45,556	1,018
1979.....	16,075	9,276	3,902	1,854	223	18,279	2,940	52,549	-6
1980.....	18,877	10,950	4,828	2,175	302	19,512	3,162	59,806	-552
1981.....	21,860	12,596	6,185	2,452	331	22,496	3,676	69,596	-1,076
1982.....	24,938	14,749	7,765	3,025	615	26,581	4,092	81,765	-5,671
1983.....	27,651	16,409	9,045	3,817	1,061	28,427	3,660	90,070	-6,264
1984.....	28,970	17,694	10,667	3,985	764	29,503	3,705	95,288	-2,455
1985.....	30,642	19,444	11,906	4,532	804	31,819	4,634	103,781	-5,107
1986.....	32,952	20,392	12,518	4,757	1,169	33,023	4,445	109,256	-6,425

Source: Statistics Canada, *National Income and Expenditure Accounts* (13-001).

Reference Table 53
Local Government Revenues
National Income and Expenditure Accounts Basis
1950 – 1986
(millions of dollars)

Year	Indirect taxes	Investment income	Transfers from persons	Transfers from other levels of government	Capital consumption allowances	Total revenues
1950.....	499	58	4	172	81	821
1951.....	608	25	11	199	102	945
1952.....	700	23	14	218	113	1,068
1953.....	758	24	18	245	122	1,167
1954.....	829	21	16	261	128	1,255
1955.....	902	14	19	334	138	1,407
1956.....	1,024	20	24	371	152	1,591
1957.....	1,148	20	26	468	163	1,825
1958.....	1,264	23	28	568	174	2,057
1959.....	1,444	24	31	646	187	2,332
1960.....	1,593	26	34	746	200	2,599
1961.....	1,654	46	32	859	208	2,799
1962.....	1,785	49	35	1,091	223	3,183
1963.....	1,900	59	38	1,181	245	3,423
1964.....	1,975	58	43	1,321	264	3,661
1965.....	2,164	66	51	1,514	292	4,087
1966.....	2,400	70	56	1,868	329	4,723
1967.....	2,678	82	63	2,082	362	5,267
1968.....	2,992	95	52	2,300	387	5,826
1969.....	3,343	110	44	2,534	431	6,462
1970.....	3,628	125	46	3,180	476	7,455
1971.....	3,872	152	49	3,583	550	8,206
1972.....	4,234	166	51	4,069	607	9,127
1973.....	4,490	190	56	4,501	681	9,918
1974.....	4,932	260	57	5,307	820	11,376
1975.....	5,770	270	61	6,699	960	13,760
1976.....	6,863	334	76	7,356	1,096	15,725
1977.....	7,761	343	85	9,153	1,243	18,585
1978.....	8,567	428	88	9,366	1,380	19,829
1979.....	9,432	626	112	11,310	1,579	23,059
1980.....	10,236	764	136	11,325	1,772	24,233
1981.....	11,659	1,117	154	13,205	2,025	28,160
1982.....	12,720	1,148	166	15,384	2,266	31,684
1983.....	13,589	1,044	175	16,366	2,407	33,581
1984.....	14,561	1,216	181	16,513	2,498	34,969
1985.....	15,474	1,255	185	18,101	2,769	37,784
1986.....	16,614	1,286	187	18,948	2,924	39,959

Source: Statistics Canada, *National Income and Expenditure Accounts* (13-001).

Reference Table 54
Local Government Expenditures
National Income and Expenditure Accounts Basis
1950 – 1986
(millions of dollars)

Year	Goods and services	Transfers to persons	Transfers to business	Interest on the public debt	Transfers to other levels of government	Gross capital formation	Total expenditures	Deficit(–) or surplus
1950.....	614	24	0	42	11	222	913	–92
1951.....	707	28	0	45	13	301	1,094	–149
1952.....	803	34	0	53	13	364	1,267	–199
1953.....	864	38	0	61	15	364	1,342	–175
1954.....	990	44	0	74	15	411	1,534	–279
1955.....	1,094	41	0	84	22	436	1,677	–270
1956.....	1,221	40	0	101	18	493	1,873	–282
1957.....	1,357	45	0	127	28	553	2,110	–285
1958.....	1,514	54	0	143	17	590	2,318	–261
1959.....	1,682	65	0	169	24	641	2,581	–249
1960.....	1,869	73	0	197	17	671	2,827	–228
1961.....	1,917	79	24	223	34	680	2,957	–158
1962.....	2,115	84	27	251	28	847	3,352	–169
1963.....	2,308	88	33	266	33	926	3,654	–231
1964.....	2,563	89	33	294	31	834	3,844	–183
1965.....	2,923	94	36	334	37	1,054	4,478	–391
1966.....	3,288	102	35	373	51	1,235	5,084	–361
1967.....	3,758	113	36	429	70	1,274	5,680	–413
1968.....	4,334	148	39	474	64	1,338	6,397	–571
1969.....	4,968	160	57	516	66	1,337	7,104	–642
1970.....	5,594	232	68	595	64	1,425	7,978	–523
1971.....	6,132	282	84	695	64	1,550	8,807	–601
1972.....	6,700	274	90	721	69	1,576	9,430	–303
1973.....	7,624	285	106	825	60	1,671	10,571	–653
1974.....	8,840	256	135	873	61	2,145	12,310	–934
1975.....	10,589	303	159	943	70	2,485	14,549	–789
1976.....	12,454	327	185	1,194	71	2,650	16,881	–1,156
1977.....	14,072	330	221	1,411	70	2,910	19,014	–429
1978.....	15,101	378	266	1,663	84	2,897	20,389	–560
1979.....	16,617	413	291	1,752	116	3,183	22,372	687
1980.....	18,402	479	412	1,983	129	3,636	25,041	–808
1981.....	20,949	529	413	2,236	205	4,049	28,381	–221
1982.....	23,845	621	538	2,511	156	4,532	32,203	–519
1983.....	25,348	752	536	2,825	165	4,290	33,916	–335
1984.....	26,619	816	566	2,946	179	4,239	35,365	–396
1985.....	28,037	844	588	3,187	181	5,076	37,913	–129
1986.....	29,392	894	615	3,316	208	5,229	39,654	305

Source: Statistics Canada, *National Income and Expenditure Accounts* (13-001).

Reference Table 55
Hospital Revenues and Expenditures
National Income and Expenditure Accounts Basis
1961 – 1986
(millions of dollars)

Year	Revenues					Expenditures				
	Invest- ment income	Transfers from other levels of government	Trans- fers from persons	Capital Consump- tion allow- ances	Total revenues	Goods and services	Interest on the public debt	Gross capital forma- tion	Total expendi- tures	Deficit(–) or surplus
1961.....	2	713	2	48	765	616	15	150	781	– 16
1962.....	3	795	3	50	851	686	16	158	860	– 9
1963.....	4	852	3	55	914	784	18	152	954	– 40
1964.....	4	966	3	60	1,033	889	19	149	1,057	– 24
1965.....	4	1,135	3	66	1,208	1,008	19	150	1,177	31
1966.....	5	1,295	3	71	1,374	1,176	21	191	1,388	– 14
1967.....	5	1,535	3	78	1,621	1,387	21	198	1,606	15
1968.....	5	1,774	3	85	1,867	1,627	22	217	1,866	1
1969.....	6	2,014	4	96	2,120	1,877	24	213	2,114	6
1970.....	7	2,328	4	106	2,445	2,136	34	224	2,394	51
1971.....	7	2,529	4	117	2,657	2,402	33	241	2,676	– 19
1972.....	9	2,932	4	128	3,073	2,680	36	223	2,939	134
1973.....	9	3,172	4	143	3,328	3,049	41	255	3,345	– 17
1974.....	15	3,965	4	171	4,155	3,781	46	293	4,120	35
1975.....	15	4,748	4	201	4,968	4,584	51	308	4,943	25
1976.....	30	5,592	22	223	5,867	5,246	61	346	5,653	214
1977.....	37	6,302	25	253	6,617	5,558	66	346	5,970	647
1978.....	42	6,628	22	277	6,969	6,186	64	405	6,655	314
1979.....	57	7,324	30	321	7,732	6,802	76	388	7,266	466
1980.....	66	8,506	34	364	8,970	7,983	82	502	8,567	403
1981.....	92	9,628	42	446	10,208	9,379	108	584	10,071	137
1982.....	101	11,550	56	516	12,223	10,891	121	694	11,706	517
1983.....	89	12,568	59	566	13,282	11,887	137	887	12,911	371
1984.....	97	13,513	71	616	14,297	12,852	142	898	13,892	405
1985.....	99	14,244	84	688	15,115	13,695	153	829	14,677	438
1986.....	100	14,615	101	757	15,573	14,619	160	846	15,625	– 52

Source: Statistics Canada, *National Income and Expenditure Accounts* (13-001).

Reference Table 56
Federal Government
Liabilities and Assets
Financial Flow Accounts Basis
1974 – 1985
(millions of dollars)

	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985
Liabilities												
Currency and deposits	704	773	821	882	962	1,050	1,111	1,169	1,356	1,282	1,350	1,425
Payables	81	92	68	119	173	167	175	146	97	123	147	49
Loans	207	262	250	253	3,814	2,107	2,843	1,789	1,628	1,880	2,937	5,730
Pensions ⁽¹⁾	1,218	1,197	1,173	1,187	1,162	1,149	1,136	1,117	1,097	1,072	1,046	1,013
Claims by associated enterprises	243	313	331	353	440	477	658	826	950	1,037	1,124	1,160
Other liabilities	3,442	3,860	3,965	3,567	4,342	4,892	6,679	8,910	9,371	9,035	13,107	15,057
Unmatured debt	33,294	37,280	41,468	49,601	60,314	68,182	80,152	92,727	112,304	140,126	163,578	195,524
Total liabilities	39,189	43,777	48,076	55,962	71,207	78,024	92,754	106,684	126,803	154,555	183,289	220,358
Financial assets												
Currency and deposits	4,246	3,494	2,671	4,020	5,985	1,709	3,453	6,761	6,021	5,813	2,012	4,157
Receivables	4,30	5,52	5,55	6,77	105	153	192	150	187	191	121	143
Loans	4,565	5,083	5,493	6,095	6,570	7,243	7,701	7,961	8,462	9,388	10,303	11,251
Finance and other short-term paper	12	18	18	26	18	377	337	300	263	240	204	168
Mortgages	569	554	519	479	427	427	377	337	300	263	240	204
Bonds and treasury bills												
Federal government	20	20	31	25	19	162	85	102	114	135	323	226
Provincial government	15	14	12	14	16	17	14	16	16	18	18	35
Municipal bonds	0	0	0	0	0	0	0	0	0	0	0	0
Other	35	39	37	36	29	30	34	34	30	29	29	13
Claims on associated enterprises	21,113	22,280	23,974	24,893	26,821	27,863	30,207	32,511	31,229	34,325	34,303	36,208
Stocks	154	187	64	58	58	54	55	378	506	512	806	913
Foreign investments	13	6	5	4	3	5	5	9	9	10	10	2
Other financial assets	2,838	2,930	2,456	1,911	1,217	2,200	1,686	1,764	2,416	4,476	7,239	6,698
Total financial assets	33,610	34,677	35,335	37,638	41,268	39,819	43,784	49,999	49,274	55,160	55,391	59,841
Non-financial assets												
Non-residential structures	8,619	9,904	11,137	12,311	13,232	14,629	15,795	17,460	18,844	19,612	20,090	21,157
Machinery and equipment	1,561	1,964	2,218	2,593	3,046	3,427	3,908	4,575	4,981	5,440	6,396	7,147
Inventories	1,153	1,184	1,225	2,268	3,226	3,386	4,455	4,250	3,119	2,74	2,94	2,30
Land	1,831	2,129	2,422	2,708	2,944	3,292	3,593	4,016	4,381	4,609	4,771	5,078
Total non-financial assets	12,164	14,181	16,002	17,880	21,734	23,751	26,301	28,525	29,935	31,551	33,612	33,612
Total Assets	45,774	48,858	51,337	55,518	60,816	61,553	67,535	76,300	77,799	85,095	86,942	93,453
Excess of total assets over liabilities	6,585	5,081	3,261	-444	-10,391	-16,471	-25,219	-30,384	-49,004	-69,460	-96,347	-126,905

(1) This mainly represents the balance in government annuities.
Source: Statistics Canada, *Financial Flow Accounts* (13-002).

Reference Table 57
Provincial and Local Government and Hospitals
Liabilities and Assets
Financial Flow Accounts Basis
1974 - 1985
(millions of dollars)

	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985
Liabilities												
Payables.....	950	1,105	954	1,055	1,269	1,983	2,234	2,803	3,274	4,891	5,725	5,136
Loans.....	4,139	4,626	4,730	4,994	5,537	6,731	7,693	10,103	9,994	8,408	8,526	8,654
Finance and other short-term paper.....	230	634	318	297	505	300	747	1,371	3,392	5,052	6,432	6,396
Mortgages.....	168	187	136	57	38	49	47	79	80	81	82	80
Claims by associated enterprises.....	336	443	580	491	548	735	943	1,189	1,521	1,518	1,434	1,434
Other liabilities.....	2,683	2,711	3,713	4,119	4,405	4,734	4,811	7,768	9,580	5,897	5,750	6,523
Unmatured debt												
Provincial governments.....	19,915	23,623	27,580	33,378	37,439	40,990	46,002	53,169	62,642	71,099	80,830	91,462
Municipal governments.....	12,278	13,878	15,219	17,243	19,578	19,597	21,113	20,858	23,210	24,123	24,841	26,163
Other.....	448	474	509	536	586	381	456	515	626	721	738	755
Total liabilities.....	41,147	47,681	53,739	62,170	69,905	75,500	84,046	97,855	114,319	121,790	134,358	146,603
Financial assets												
Currency and deposits.....	2,597	1,953	2,797	3,945	4,613	5,872	6,286	6,242	6,233	7,245	8,838	8,353
Receivables.....	358	525	659	618	593	506	541	1,046	1,358	1,543	1,738	1,946
Loans.....	2,316	2,567	2,810	2,631	2,750	2,761	3,076	3,688	3,837	4,080	4,086	4,114
Finance and other short-term paper.....												
Mortgages.....	83	85	163	463	597	635	678	1,407	1,124	1,243	2,203	2,349
Bonds and treasury bills.....	1,580	1,922	2,281	2,545	2,781	2,834	2,942	3,257	3,692	3,840	3,994	4,016
Federal government.....												
Provincial government.....	186	214	253	399	884	1,554	2,306	2,543	2,662	3,218	3,620	4,118
Municipal bonds.....	2,452	3,248	3,921	4,989	6,070	7,364	9,453	12,159	15,527	15,541	15,829	16,126
Other.....	4,328	4,847	5,422	5,974	6,579	6,660	7,292	8,666	10,242	10,440	10,956	11,126
Claims on associated enterprises.....												
Stocks.....	286	476	744	1,057	1,153	1,080	1,169	1,387	1,401	1,862	1,869	1,857
Other financial assets.....												
Total financial assets.....												
Non-financial assets												
Residential structures.....	9,924	11,377	12,485	15,117	17,884	20,490	23,293	28,390	31,859	34,522	37,271	39,441
Non-residential structures.....	2,213	229	252	216	254	229	237	1,016	1,371	1,834	2,081	2,160
Machinery and equipment.....	4,145	3,851	3,449	3,587	5,049	5,491	7,680	12,042	10,286	10,389	13,704	16,080
Land.....												
Total non-financial assets.....	28,468	31,294	35,335	41,749	49,616	56,225	66,080	82,192	90,344	96,865	107,796	113,923
Excess of total assets over liabilities.....												
	61,831	70,561	78,560	88,036	99,829	116,648	136,465	164,691	174,875	186,289	195,635	205,839

Source: Statistics Canada, *Financial Flow Accounts* (13-002).

Reference Table 58
Government of Canada
Statement of Financial Transactions
(Fiscal year ended March 31)
1977 – 1986
Summary⁽¹⁾
(millions of dollars)

	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986
I Budgetary Transactions										
Revenues.....	34,300	34,518	36,866	41,922	48,775	60,001	60,705	64,211	70,891	76,823
Expenditures.....	–40,597	–44,944	–49,483	–53,422	–62,131	–74,873	–88,521	–96,610	–109,215	–111,227
Surplus or deficit (–)	–6,297	–10,426	–12,617	–11,500	–13,522	–14,872	–27,816	–32,399	–38,324	–34,404
II Non-budgetary transactions										
Loans, investments and advances.....	–1,839	–1,422	–713	–1,086	–169	–1,506	–502	–464	709	41
Specific purpose accounts	1,629	2,395	2,513	2,290	3,261	4,073	2,826	4,593	5,131	5,446
Other transactions	959	1,004	–395	166	393	3,069	1,699	3,071	2,683	–1,345
Net source or requirement (–)	749	1,977	1,405	1,370	3,485	5,636	4,023	7,200	8,523	4,142
Financial requirements (excluding foreign exchange)	–5,548	–8,449	–11,212	–10,130	–10,037	–9,236	–23,793	–25,199	–29,801	–30,262
III Foreign exchange transactions	1,281	1,186	4,361	–443	1,077	558	–640	414	2,423	5,614
Total financial requirements ⁽²⁾	–4,267	–7,263	–6,851	–10,573	–8,960	–8,678	–24,433	–24,785	–27,378	–24,648
IV Unmatured debt transactions ⁽³⁾	4,812	8,172	8,778	7,878	11,153	9,367	22,392	26,618	26,824	23,534
V Change in cash balance ⁽⁴⁾	545	909	1,927	–2,695	2,193	689	–2,041	1,833	–554	–1,114
Level of cash balance at end of period	3,597	4,506	6,433	3,738	5,931	6,620	4,579	6,412	5,858	4,744
Canadian dollar balance	3,580	4,487	6,374	3,661	5,826	6,541	4,193	6,329	5,779	4,566

(1) The Post Office is treated as a Crown Corporation.

(2) Cash requirement (–).

(3) Excluding change in unmatured debt outstanding payable in foreign currency.

(4) Cash decrease (–).

Source: Public Accounts of Canada and Department of Finance.

Reference Table 58 (continued)
Government of Canada
Statement of Financial Transactions
(Fiscal year ended March 31)
1982 - 1986
(millions of dollars)

	1981-82	1982-83	1983-84	1984-85	1985-86
I Budgetary Transactions					
A Revenues					
Personal income tax.....	24,046	26,330	26,967	29,254	33,008
Corporate income tax.....	8,118	7,139	7,286	9,379	9,210
Unemployment insurance contributions.....	4,753	4,900	7,259	7,553	8,712
Non-resident tax.....	1,018	998	908	1,021	1,053
Excise taxes and duties.....	11,322	10,629	12,047	13,698	16,143
Energy taxes.....	4,521	5,147	4,168	4,479	3,348
Other taxes.....	120	132	126	107	126
Return on investments.....	5,064	4,616	4,372	4,252	3,739
Other non-tax revenue.....	1,039	814	1,078	1,148	1,484
Total revenues.....	60,001	60,705	64,211	70,891	76,823
B Expenditures					
Economic and regional development....	9,801	11,590	12,074	14,851	11,823
Social development					
Old age security benefits	8,585	9,643	10,406	11,418	12,525
Unemployment insurance benefits....	5,446	9,823	9,782	10,052	10,029
Established programs financing	6,013	5,737	7,816	8,822	8,980
Canada Assistance Plan.....	2,298	2,832	3,288	3,745	3,916
Other	11,450	14,292	15,355	16,533	16,409
Sub-total.....	33,792	42,327	46,647	50,570	51,859
Fiscal arrangements	4,750	5,597	5,983	5,985	5,941
External affairs.....	1,814	2,037	2,358	2,639	2,479
Defence.....	5,989	6,938	7,843	8,762	9,094
Parliament.....	153	169	180	196	198
Services to government	3,460	2,960	3,448	3,757	4,392
Sub-total.....	59,759	71,618	78,533	86,760	85,786
Public debt	15,114	16,903	18,077	22,455	25,441
Total expenditures.....	74,873	88,521	96,610	109,215	111,227
Budgetary surplus or deficit (-).....	- 14,872	- 27,816	- 32,399	- 38,324	- 34,404

Reference Table 58 (continued)

Government of Canada
Statement of Financial Transactions
(Fiscal year ended March 31)

1977 – 1986

(millions of dollars)

	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986
II Non-Budgetary Transactions										
A Loans, investments and advances										
Crown corporations and agencies										
Lending institutions										
Canada Deposit Insurance Corporation	0	10	0	0	0	-200	60	140	-40	-895
Canada Mortgage and Housing Corporation	-837	-532	-52	-366	-66	-199	-30	194	364	195
Export Development Corporation	-202	-84	64	155	124	52	-40	-5	39	64
Farm Credit Corporation	-277	-297	-267	-307	-270	-348	-394	-379	172	214
Federal Business Development Bank	-307	-241	-267	-522	101	125	145	172	157	119
Sub-total	-1,623	-1,144	-763	-111	-570	-259	122	692	-303	
Other Crown corporations										
Air Canada	83	3	-341	-16	13	14	16	17	18	32
Atomic Energy of Canada	-149	-201	-242	-216	697	8	3	37	38	67
Canadian National Railways	-40	-99	385	-108	-8	0	-41	-62	2	9
Canada Development Investment Corporation	0	0	0	0	0	-440	-840	-308	5	18
Petro-Canada	-257	-150	-280	-80	-440	-275	-359	-1,354	-660	0
Other	-30	124	-11	15	537	537	1,177	-1,583	130	-28
Sub-total	-393	-323	-489	-373				-533	-48	107
Other loans										215
Finance-employment loans										
Regional Economic Expansion	45	14	8	8	8	9	9	10	10	10
Canada Development Corporation	-17	4	-2	8	7	14	14	13	13	12
Loans to developing countries	-10	0	0	0	0	0	0	0	0	0
International organizations	-162	-198	-239	-242	-254	-282	-266	-182	-201	-178
Other	-159	-179	-173	-134	-110	-166	-213	-335	-378	-220
Sub-total	-112	-43	-71	-143	-130	-22	-32	-96	-174	205
	-315	-402	-335	-503	-219	-403	-576	-562	-730	-171

Reference Table 58 (continued)
Government of Canada
Statement of Financial Transactions
(Fiscal year ended March 31)
1977 – 1986
(millions of dollars)

	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986
Total loans, investments and advances not including allowances.....	- 2,331	- 1,869	- 1,346	- 1,639	- 207	- 2,150	- 2,418	- 973	10	- 259
Allowance for valuation.....	492	447	633	553	-376	644	1,916	509	699	300
Total loans, investments and advances.....	- 1,839	- 1,422	- 713	- 1,086	- 169	- 1,506	- 502	- 464	709	41
B Specified purpose accounts										
Canada Pension Plan.....	98	93	124	113	173	170	165	152	211	511
Superannuation accounts.....	1,656	1,888	1,956	1,966	2,307	3,014	3,483	3,862	4,302	4,680
Government annuities.....	- 1	- 9	- 10	- 14	- 15	- 21	- 22	- 26	- 29	- 35
Other	10	15	17	18	22	47	48	62	72	96
Total annuity, insurance and pension accounts	1,763	1,987	2,087	2,083	2,487	3,210	3,674	4,050	4,556	5,252
Provincial tax collection account.....	- 121	330	366	118	728	- 56	- 384	277	309	- 227
Deposit and trust accounts.....	- 13	78	60	89	46	919	- 464	266	266	421
Total specified purpose accounts.....	1,629	2,395	2,513	2,290	3,261	4,073	2,826	4,593	5,131	5,446
C Other transactions										
Interest and matured debt	696	904	- 509	- 38	186	1,933	1,615	884	796	- 334
Accounts payable and accrued salaries.....	623	- 521	214	91	772	178	549	866	1,351	- 663
Cash in transit	- 169	- 188	3	- 130	- 693	16	- 736	689	- 6	189
Outstanding cheques, warrants and money orders.....	- 361	632	- 243	506	9	29	208	516	376	- 488
Other	170	177	140	- 263	119	913	63	116	166	- 49
Total other transactions.....	959	1,004	- 395	166	393	3,069	1,699	3,071	2,683	- 1,345
Total non-budgetary requirements	749	1,977	1,405	1,370	3,485	5,636	4,023	7,200	8,523	4,142

Reference Table 58 (continued)

Government of Canada
Statement of Financial Transactions

(Fiscal year ended March 31)

1977 - 1986

(millions of dollars)

	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986
III Foreign exchange transactions										
Source or requirement (—)	1,537	248	-2,276	1,828	1,183	-185	-1,613	1,013	-588	752
Exchange Fund Account.....										
International Monetary Fund.....	110	-310	-482	-7	-930	181	64	-1,279	10	-685
Subscriptions.....	-364	260	690	39	-715	-2	-44	961	32	637
Notes payable.....										
Unmatured debt payable in foreign currency.....	-2	855	6,186	-2,516	-66	634	977	-299	2,971	4,728
Special Drawing Rights.....	0	133	243	213	175	-70	-24	18	-2	182
Total foreign exchange transactions.....	1,281	1,186	4,361	-443	1,077	558	-640	414	2,423	5,614
IV Unmatured debt transactions										
Increase or decrease (—)										
Marketable bonds.....	2,265	3,439	8,146	6,417	7,834	3,000	4,989	7,273	12,379	15,578
Treasury bills.....	1,760	3,040	2,240	2,790	5,445	-2,395	9,750	12,575	10,600	9,650
Canada Savings Bonds.....	787	1,707	1,236	-1,166	-2,269	9,166	7,663	5,563	3,756	2,285
Securities issued to Canada										
Pension Plan.....	10	12	12	17	23	18	17	18	16	240
Notes and loans payable in foreign currencies.....	0	850	3,390	-2,528	-5	268	863	1,085	2,987	861
Less:										
Unmatured debt payable in foreign currency.....	2	-855	-6,186	2,516	66	-634	-977	299	-2,971	-4,728
Canada Savings Bonds held for employees.....	-5	-7	15	-6	-1	-24	-6	-13	-49	19
Securities issued to Canada										
Pension Plan.....	-10	-12	-12	-17	-23	-18	-17	-18	-16	-240
Securities investment account.....	3	-2	-33	-145	83	-14	110	-164	122	-131
Total unmatured debt transactions.....	4,812	8,172	8,778	7,878	11,153	9,367	22,392	26,618	26,824	23,534
V Level of cash balance at end of period										
In Canadian dollars.....	3,580	4,487	6,374	3,661	5,826	6,541	4,193	6,329	5,779	4,566
In foreign currency.....	17	19	59	77	105	79	386	83	79	178

Reference Table 59
Government of Canada
Liabilities and Assets
Public Accounts Presentation
(Fiscal year ended March 31)
1972 – 1986
(millions of dollars)

	1972	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986
Liabilities												
Specified purpose accounts	10,009	14,742	16,371	18,766	21,279	23,569	26,830	30,903	33,729	38,322	43,453	48,899
Foreign liabilities	335	315	313	1,168	7,354	4,840	4,774	5,408	6,385	6,086	9,057	13,785
Other liabilities	4,012	7,532	8,604	9,738	9,338	9,601	10,668	13,721	16,156	18,538	21,227	19,693
Unmatured debt — net of own holdings												
Marketable bonds	13,664	15,607	17,875	21,312	29,425	35,699	43,616	46,602	51,701	58,810	71,311	86,758
Canada Savings Bonds	9,669	15,444	16,226	17,926	19,147	17,975	15,705	24,847	32,504	38,054	41,761	44,065
Treasury bills	3,830	6,495	8,255	11,295	13,535	16,325	21,770	19,375	29,125	4,700	52,300	61,950
Notes payable to:												
Canadian banks	0	0	0	0	850	4,240	1,712	1,857	2,125	2,988	4,073	7,060
Total unmatured debt held by outside parties.	27,163	37,546	42,356	51,383	66,347	71,711	82,948	92,949	116,318	142,637	172,432	200,694
Less: unmatured debt payable in foreign currency	335	315	313	1,168	7,354	4,840	4,774	5,408	6,385	6,086	9,057	13,785
Total unmatured debt payable in Canadian currency	26,828	37,231	42,043	50,215	58,993	66,871	78,174	87,541	109,933	136,551	163,375	186,909
Total liabilities	41,184	59,820	67,331	79,887	96,964	104,881	120,446	137,573	166,203	199,497	237,112	269,286
Assets												
Loans, investments and advances	13,038	19,424	21,263	22,885	23,398	24,484	24,653	26,159	27,125	26,416	26,375	
Foreign assets	5,688	5,190	3,907	3,576	5,402	3,329	2,336	2,412	4,029	3,316	3,864	2,978
Other assets	2,559	3,887	4,545	5,584	7,505	4,909	7,776	8,449	7,144	8,288	7,740	6,437
Total assets	21,285	28,501	29,715	31,845	36,305	32,722	34,765	37,020	37,834	38,729	38,020	35,790
Excess of recorded liabilities over recorded assets ⁽¹⁾	19,899	31,319	37,616	48,042	60,659	72,159	85,681	100,553	128,369	160,768	199,092	233,496

⁽¹⁾ Total liabilities are normally referred to as the gross debt of Canada whereas the excess of recorded liabilities over recorded assets is normally referred to as the net debt of Canada.
Source: Public Accounts of Canada and Department of Finance.

Reference Table 60
Summary of Balance of Payments
1961 – 1986
(millions of dollars)

Year	Merchandise exports	Merchandise imports	Merchandise trade balance	Service receipts	Service payments	Investment income receipts	Investment income payments	Net transfers	Non-Merchandise balance	Capital account net flows	
										Balance on current account	Canadian claims
Year	Merchandise exports	Merchandise imports	Merchandise trade balance	Service receipts	Service payments	Investment income receipts	Investment income payments	Net transfers	Non-Merchandise balance	Canadian liabilities	Balance
1961	5,858	5,716	142	1,276	1,734	301	1,023	-63	-1,080	-939	—
1962	6,388	6,203	185	1,397	1,771	296	1,068	-12	-1,004	-819	—
1963	7,074	6,580	493	1,521	1,818	315	1,162	-24	-1,015	-521	—
1964	8,232	7,537	695	1,688	2,029	443	1,352	-8	-1,112	-415	—
1965	8,743	8,600	143	1,840	2,232	492	1,485	7	-1,242	-1,098	—
1966	10,325	10,059	266	2,112	2,524	515	1,635	29	-1,375	-1,109	—
1967	11,288	10,725	564	2,761	2,735	493	1,733	49	-1,054	-291	—
1968	13,670	12,196	1,474	2,460	2,990	622	1,840	159	-1,560	-86	—
1969	14,982	14,071	911	2,862	3,633	893	2,099	111	-1,966	-956	—
1970	16,820	13,869	2,950	3,258	3,960	1,047	2,397	134	-1,918	1,033	-2,578
1971	17,784	15,314	2,468	3,389	4,216	991	2,498	236	-2,098	370	-1,859
1972	20,223	18,272	1,952	3,514	4,508	1,025	2,485	220	-2,235	-283	-717
1973	25,649	22,727	2,923	4,118	5,297	1,234	2,965	297	-2,611	-312	—
1974	32,738	30,905	1,834	5,067	6,462	1,444	3,681	497	-3,34	-1,299	—
1975	33,616	33,961	-346	5,338	7,402	1,734	4,270	314	-4,286	-4,632	—
1976	38,167	36,607	1,559	6,085	8,672	1,679	5,215	467	-5,655	-4,097	919
1977	44,496	41,524	2,972	6,687	9,728	1,806	6,377	318	-7,294	-4,321	1,877
1978	53,360	49,047	4,312	7,793	11,005	2,353	8,301	-54	-9,216	-4,903	1,848
1979	65,581	61,158	4,423	9,494	12,121	2,648	9,803	494	-9,287	-4,864	1,537
1980	76,682	67,904	8,778	10,898	14,029	3,639	11,465	1,049	-9,908	-1,130	2,305
1981	84,432	77,140	7,293	12,448	15,861	3,992	15,329	1,329	-13,422	-6,130	14,587
1982	84,394	66,738	17,653	12,258	15,859.	5,478	18,148	1,439	-14,830	-2,824	1,547
1983	90,556	73,098	17,458	12,886	16,735	5,596	17,198	1,056	-14,391	3,067	5,929
1984	111,730	91,492	20,237	14,604	18,669	6,361	19,876	778	-16,801	3,437	11,238
1985	119,567	102,641	16,926	15,791	20,356	7,649	21,982	787	-18,112	-1,185	13,874
1986	120,593	110,206	10,389	17,672	21,925	7,194	24,081	1,483	-19,657	-9,268	13,743

Source: Statistics Canada, *Quarterly Estimates of the Canadian Balance of International Payments* (67-001).

Reference Table 61
Balance of Payments with the United States
 1961 – 1986
 (millions of dollars)

Year	Merchan- dise trade balance	Non- merchan- dise trade balance	Balance on current account	Capital account net flows		
				Canadian claims	Canadian liabil- ties	Balance
1961	– 638	– 740	– 1,378	—	—	—
1962	– 434	– 655	– 1,089	—	—	—
1963	– 490	– 665	– 1,155	—	—	—
1964	– 808	– 834	– 1,642	—	—	—
1965	– 1,014	– 902	– 1,917	—	—	—
1966	– 931	– 1,041	– 1,971	—	—	—
1967	– 565	– 781	– 1,346	—	—	—
1968	402	– 1,148	– 746	—	—	—
1969	429	– 1,330	– 901	—	—	—
1970	1,007	– 1,296	– 289	– 1,859	1,441	– 418
1971	1,340	– 1,535	– 196	438	1,251	1,689
1972	1,607	– 1,655	– 49	– 304	867	563
1973	1,430	– 2,092	– 661	– 884	1,838	954
1974	1,148	– 2,549	– 1,402	11	3,438	3,449
1975	– 999	– 3,708	– 4,706	1,252	4,714	5,965
1976	690	– 4,939	– 4,250	– 1,474	5,996	4,522
1977	1,747	– 5,796	– 4,047	219	3,752	3,972
1978	2,966	– 7,245	– 4,278	– 2,436	8,430	5,992
1979	603	– 8,194	– 7,591	– 2,344	5,807	3,464
1980	1,632	– 9,491	– 7,860	– 4,322	2,602	– 1,719
1981	3,685	– 11,540	– 7,855	– 5,493	16,047	10,553
1982	11,025	– 12,679	– 1,654	– 1,231	– 3,236	– 4,467
1983	13,668	– 11,104	2,565	– 9,630	9,479	– 151
1984	19,053	– 11,842	7,211	– 6,190	3,250	– 2,940
1985	20,519	– 11,934	8,585	– 5,039	– 558	– 5,596
1986	17,432	– 11,594	5,838	– 7,921	– 1,143	– 9,064

Source: Statistics Canada, *Quarterly Estimates of the Canadian Balance of International Payments* (67-001).

Reference Table 62
Balance of Payments with the Rest of the World
 1961 – 1986
 (millions of dollars)

Year	Merchan- dise trade balance	Non- merchan- dise trade balance	Balance on current account	Capital account net flows		
				Canadian claims	Canadian liabil- ties	Balance
1961.....	780	– 340	439	—	—	—
1962.....	619	– 349	270	—	—	—
1963.....	983	– 350	634	—	—	—
1964.....	1,503	– 278	1,227	—	—	—
1965.....	1,157	– 340	819	—	—	—
1966.....	1,197	– 334	862	—	—	—
1967.....	1,129	– 273	855	—	—	—
1968.....	1,072	– 412	660	—	—	—
1969.....	482	– 536	– 55	—	—	—
1970.....	1,943	– 622	1,322	– 719	418	– 299
1971.....	1,128	– 563	566	– 1,396	626	– 770
1972.....	345	– 580	– 234	– 468	1,753	1,285
1973.....	1,493	– 519	973	– 1,264	848	– 417
1974.....	686	– 585	103	– 2,694	1,576	– 1,117
1975.....	653	– 578	74	– 2,497	2,488	– 8
1976.....	869	– 716	153	– 2,000	5,352	3,354
1977.....	1,225	– 1,498	– 274	– 1,287	3,862	2,575
1978.....	1,346	– 1,971	– 625	– 3,007	5,063	2,056
1979.....	3,820	– 1,093	2,727	– 3,258	7,167	3,908
1980.....	7,146	– 417	6,730	– 3,233	7,260	4,024
1981.....	3,608	– 1,882	1,725	– 12,953	16,986	4,034
1982.....	6,628	– 2,151	4,478	– 5,410	9,165	3,754
1983.....	3,790	– 3,287	502	1,223	1,759	2,984
1984.....	1,184	– 4,959	– 3,774	– 5,684	12,221	6,536
1985.....	– 3,593	– 6,178	– 9,770	– 1,150	14,432	13,281
1986.....	– 7,043	– 8,063	– 15,106	– 4,609	27,414	22,807

Source: Statistics Canada, *Quarterly Estimates of the Canadian Balance of International Payments* (67-001).

Reference Table 63
Merchandise Trade Detail: Exports
 1971 – 1986
 (millions of dollars)

Year	Wheat	Other agricultural products	Crude petroleum	Natural gas	Other crude materials	Fabricated materials	Motor vehicles and parts	Other end products	Residual ⁽¹⁾	Total
1971.....	829	1,298	801	257	2,234	5,963	4,163	2,331	-93	17,783
1972.....	939	1,453	1,035	308	2,255	6,859	4,699	2,637	37	20,222
1973.....	1,275	1,979	1,557	359	3,204	8,571	5,386	3,246	73	25,649
1974.....	2,114	1,846	3,582	520	3,893	11,115	5,667	3,979	22	32,738
1975.....	2,033	2,165	3,014	1,166	3,834	10,412	6,391	4,528	73	33,617
1976.....	1,713	2,600	2,165	1,634	4,426	12,381	8,185	5,014	49	38,167
1977.....	1,948	2,755	1,745	2,087	5,076	15,134	10,322	5,399	29	44,495
1978.....	1,916	3,444	1,582	2,205	5,090	19,467	12,394	6,884	379	53,361
1979.....	2,183	4,185	2,538	3,062	7,041	24,505	11,806	9,936	325	65,582
1980.....	3,882	4,461	2,845	4,035	7,930	29,606	10,890	12,212	818	76,681
1981.....	3,835	5,777	2,502	4,390	8,340	30,964	13,483	13,730	1,411	84,432
1982.....	4,281	5,963	2,747	4,814	7,645	27,474	16,818	13,927	1,059	84,728
1983.....	4,667	5,820	3,499	3,917	7,344	29,678	21,277	13,628	963	90,793
1984.....	4,624	6,175	4,404	3,918	9,620	34,799	29,434	17,287	1,825	112,086
1985.....	3,811	5,920	5,972	4,011	9,994	36,110	33,213	19,046	1,950	120,028
1986.....	2,860	7,101	3,808	2,550	9,664	37,330	34,383	21,304	1,966	120,965

⁽¹⁾ Residual is defined as Special Transactions trade plus unallocated Balance of Payments adjustments.

Note: During 1984 Statistics Canada began publishing detailed commodity trade data on a balance of payments basis instead of the custom basis which it had used previously.

Source: Statistics Canada, *Summary of External Trade* (65-001).

Reference Table 64
Merchandise Trade Detail: Imports
 1971 – 1986
 (millions of dollars)

Year	Agricultural products	Crude petroleum	Other crude materials	Fabricated materials	Motor vehicles and parts	Other end products	Residual ⁽¹⁾	Total
1971.....	1,157	541	781	3,206	4,030	5,751	- 152	15,314
1972.....	1,400	681	859	3,645	4,850	7,029	- 193	18,271
1973.....	1,981	942	1,076	4,330	5,987	8,765	- 356	22,726
1974.....	2,516	2,646	1,426	6,667	6,936	11,157	- 446	30,903
1975.....	2,682	3,302	1,784	6,091	8,101	12,393	- 392	33,962
1976.....	2,871	3,280	1,811	6,264	9,288	13,415	- 322	36,608
1977.....	3,305	3,236	2,104	7,047	11,332	14,860	- 361	41,523
1978.....	3,783	3,491	2,426	8,824	13,078	18,096	- 649	49,048
1979.....	4,194	4,513	3,427	11,931	14,900	22,817	- 625	61,157
1980.....	4,803	6,909	3,811	13,439	13,321	26,154	- 535	67,903
1981.....	5,234	7,976	3,802	14,724	15,739	30,268	- 603	77,140
1982.....	4,938	4,941	3,151	12,376	14,645	27,073	- 386	66,739
1983.....	5,003	3,267	3,317	14,153	18,744	29,173	- 559	73,098
1984.....	5,906	3,383	3,974	17,010	25,719	36,580	- 1,079	91,492
1985.....	5,909	3,749	3,636	19,064	31,091	38,503	688	102,641
1986.....	6,700	2,717	3,475	19,950	33,167	43,209	987	110,205

⁽¹⁾ Residual is defined as Special Transactions trade plus unallocated Balance of Payments adjustments.

Note: See Note to Table 63.

Source: Statistics Canada, *Summary of External Trade* (65-001).

Reference Table 65
International Payments: Capital Movements
 1950 – 1986
 (millions of dollars)

Year	Canadian securities										Export credits at risk of govt.	Other long-term capital transactions		
	Direct investment in Canada	Direct investment abroad	New issues	Retirements	Trade in outstanding bonds and debentures	Trade in outstanding common and preference stocks ⁽¹⁾	Foreign securities (net)	Loans and capital subscriptions by Government of Canada						
								Advances	Repayments					
1950.....	225	35	210	-284	329	—	76	-50	74	0	-5			
1951.....	320	-30	411	-210	38	—	15	0	68	0	28			
1952.....	360	-85	323	-89	-168	73	-11	0	56	0	-4			
1953.....	450	-70	335	-146	-52	21	-1	0	87	0	11			
1954.....	425	-90	333	-205	-66	129	-24	0	72	0	25			
1955.....	445	-85	166	-185	-165	137	-5	0	69	0	37			
1956.....	650	-105	667	-141	11	187	-3	-4	69	0	159			
1957.....	545	-80	800	-134	-45	142	1	-1	50	0	42			
1958.....	430	-40	688	-158	0	88	1	-34	64	0	114			
1959.....	570	-85	709	-258	92	110	-34	-1	34	0	38			
1960.....	670	-50	448	-266	3	51	-19	-11	32	0	60			
1961.....	560	-80	548	-301	61	39	-35	-8	38	0	103			
1962.....	505	-105	729	-319	64	-115	-65	-22	129	-63	-64			
1963.....	280	-135	984	-404	39	-170	22	-18	25	-72	75			
1964.....	270	-95	1,100	-382	77	-98	-52	-10	10	-164	46			
1965.....	535	-125	1,240	-390	55	-274	-85	-14	10	-187	54			
1966.....	790	-5	1,465	-499	-104	-136	-401	-35	24	-41	144			
1967.....	691	-125	1,307	-357	-57	12	-432	-38	34	107	229			
1968.....	590	-225	1,917	-431	-70	114	-467	-78	5	29	197			
1969.....	720	-370	2,089	-440	2	53	102	-89	22	-12	228			
1970.....	905	-315	1,230	-552	-40	-145	69	-145	36	-129	63			
1971.....	925	-230	1,191	-845	-96	-142	197	-191	36	-231	25			
1972.....	620	-400	1,723	-600	292	-60	245	-249	38	-247	230			
1973.....	830	-770	1,323	-738	29	-24	72	-269	43	-188	323			
1974.....	845	-810	2,423	-626	42	-114	46	-349	38	-574	118			
1975.....	725	-915	5,038	-851	301	4	-18	-378	38	-356	341			
1976.....	-299	-590	9,036	-936	559	-80	78	-435	18	-210	883			
1977.....	475	-740	5,952	-929	243	-92	223	-539	36	-521	128			
1978.....	135	-2,325	6,673	-1,314	36	-397	26	-509	262	-881	1,524			
1979.....	750	-2,550	5,343	-2,104	476	360	-581	-552	33	-877	1,714			
1980.....	800	-3,150	5,403	-2,511	1,071	987	-182	-519	38	-1,186	229			
1981.....	-4,400	-6,900	13,797	-3,065	1,253	-1,112	-21	-630	41	-847	2,039			
1982.....	-1,025	-875	16,754	-4,435	-157	-506	-543	-489	43	-2,239	2,154			
1983.....	200	-3,226	10,781	-5,181	476	-262	-1,246	-667	48	255	656			
1984.....	1,698	-3,301	9,677	-4,950	3,728	-239	-2,036	-663	42	-1,334	341			
1985.....	-2,951	-5,100	15,070	-6,585	3,283	1,196	-1,207	-715	74	-211	-90			
1986.....	1,557	-4,812	26,054	-9,225	7,420	794	-2,302	-733	72	638	-1,934			

(1) Included in "Trade in outstanding bonds and debentures" for 1950 and 1951.

Table 65 (continued)
International Payments: Capital Movements
 1950 – 1986
 (millions of dollars)

Year	Change in non-resident holdings of selected short-term Canadian assets						Canadian holdings of foreign currencies	All other trans- actions	Statisti- cal discre- pancy	Net capital movements excluding monetary items shown in the following columns ⁽²⁾	Special Drawing Rights alloca- tions	Net official monetary assets	
	Canadian dollar deposits	Govern- ment of Canada demand liabili- ties	Treasury bills	Short- term paper ⁽¹⁾	Other finance company obliga- tions	Official international reserves						Official inter- national liabili- ties	
1950.....	235	-4	-3	0	0	11	91	101	1,041	—	722	—	
1951.....	-190	-8	2	0	0	-14	50	62	568	—	56	—	
1952.....	-66	-5	1	0	35	-165	-16	-389	-150	—	37	—	
1953.....	-22	-11	-2	0	-2	-80	44	-166	410	—	-38	—	
1954.....	27	-15	8	0	10	-75	64	-70	548	—	124	—	
1955.....	60	-9	29	0	23	91	5	30	643	—	-44	—	
1956.....	-30	0	3	0	64	-216	85	24	1,420	—	48	—	
1957.....	-15	0	-18	0	4	-274	87	242	1,346	—	-105	—	
1958.....	39	45	21	0	24	-58	-89	111	1,246	—	109	—	
1959.....	10	-8	14	0	68	-119	15	317	1,476	—	-11	—	
1960.....	79	-12	56	0	59	-60	42	101	1,194	—	-39	—	
1961.....	33	-2	-58	0	95	142	-77	168	1,231	—	296	-4	
1962.....	-10	-4	4	0	119	92	240	-156	973	—	307	-153	
1963.....	43	1	-27	70	35	-259	134	32	666	—	56	89	
1964.....	28	0	-16	185	52	-329	5	104	779	—	297	67	
1965.....	31	2	12	-152	209	415	177	-271	1,256	—	158	0	
1966.....	11	5	-15	3	154	-520	119	-235	750	—	360	1	
1967.....	24	-4	4	-51	35	-362	-41	-509	511	—	17	3	
1968.....	72	21	48	-132	24	-449	-23	-803	427	0	350	-1	
1969.....	52	-34	20	218	116	-1,434	-74	-180	1,021	0	65	0	
1970.....	27	-9	-79	310	-108	-155	-182	-316	496	133	1,663	0	
1971.....	96	50	-2	79	-25	853	-18	-1,289	407	119	897	0	
1972.....	140	27	21	-177	-30	448	48	-1,565	500	117	335	0	
1973.....	144	77	-23	140	8	-521	-383	-851	-780	0	-467	0	
1974.....	600	45	78	81	158	236	117	-1,033	1,322	0	25	0	
1975.....	562	-3	38	348	-88	271	493	-1,326	4,227	0	-404	0	
1976.....	155	8	439	522	47	-1,290	494	-3,779	4,620	0	522	0	
1977.....	230	172	242	221	-30	729	-672	-2,225	2,901	0	-1,421	0	
1978.....	36	55	-53	85	-66	2,104	-639	-3,147	1,604	0	-185	-3,114	
1979.....	523	217	-179	677	-1	4,179	1,633	-2,508	6,553	219	-858	2,766	
1980.....	-60	172	542	509	69	822	-2,223	-1,176	-367	217	-542	-738	
1981.....	1,394	165	-2	1,206	471	9,838	2,576	-8,456	7,346	210	382	1,044	
1982.....	-718	0	122	-979	54	-6,944	-1,623	-2,193	-3,601	0	-665	-29	
1983.....	-716	221	974	780	-265	2,511	-1,956	-5,775	-2,393	0	549	0	
1984.....	757	137	1,515	-15	-66	-1,467	-1,317	-6,959	-4,451	0	-1,092	4	
1985.....	276	237	-692	110	13	2,427	1,196	-7,099	-766	0	-111	-1,240	
1986.....	1,384	266	1,737	792	-230	-8,283	1,146	-4,938	9,407	0	662	-60	

⁽¹⁾ Included in "All other transactions" for 1950 and 1951; included in "Other finance company obligations" from 1952 to 1962.

⁽²⁾ Includes statistical discrepancy.

Source: Statistics Canada, *Quarterly Estimates of the Canadian Balance of International Payments* (67-001).

Reference Table 66

Net Proceeds from New Issues of Canadian Securities to Non-Residents

1950 – 1986

(millions of dollars)

Year	Government of Canada Bonds (including guaranteed)			Provincial government Bonds (including guaranteed)			Municipal government bonds			Total government bonds		
	New issues	Retirements	Net proceeds	New issues	Retirements	Net proceeds	New issues	Retirements	Net proceeds	New issues	Retirements	New proceeds
1950.....	62	160	-98	96	82	14	20	9	11	178	251	-73
1951.....	7	94	-87	262	43	219	72	12	60	341	149	192
1952.....	1	18	-17	107	38	69	55	17	38	163	73	90
1953.....	6	84	-78	143	28	115	76	15	61	225	127	98
1954.....	8	69	-61	126	63	63	46	28	18	180	160	20
1955.....	5	100	-95	3	19	-16	44	18	26	52	137	-85
1956.....	9	83	-74	224	15	209	112	18	94	345	116	229
1957.....	16	29	-13	136	25	111	123	24	99	275	78	197
1958.....	76	25	51	168	45	123	148	30	118	392	100	292
1959.....	56	101	-45	334	41	293	157	33	124	547	175	372
1960.....	30	58	-28	103	57	46	135	38	97	268	153	115
1961.....	37	48	-11	66	24	42	47	38	9	150	110	40
1962.....	156	86	70	148	22	126	74	41	33	378	149	229
1963.....	173	76	97	343	70	273	62	77	-15	578	223	355
1964.....	43	88	-45	439	66	373	182	53	129	664	207	457
1965.....	28	85	-57	297	31	266	84	53	31	409	169	240
1966.....	32	203	-171	448	65	383	177	96	81	657	364	293
1967.....	20	95	-75	762	61	701	173	52	121	955	208	747
1968.....	288	57	231	852	76	776	124	60	64	1,264	193	1,071
1969.....	40	83	-43	1,063	91	972	177	88	89	1,280	262	1,018
1970.....	26	158	-132	528	111	417	65	92	-27	619	361	258
1971.....	27	31	-4	725	316	409	26	100	-74	778	447	331
1972.....	31	43	-12	1,140	221	919	169	98	71	1,340	362	978
1973.....	13	110	-97	857	233	624	109	117	-8	979	460	519
1974.....	14	55	-41	1,713	210	1,503	234	96	138	1,961	361	1,600
1975.....	46	92	-46	3,334	341	2,993	541	82	459	3,921	515	3,406
1976.....	369	148	221	4,938	308	4,630	782	120	662	6,089	576	5,513
1977.....	726	146	580	3,109	311	2,798	376	98	278	4,211	555	3,656
1978.....	3,095	211	2,884	2,053	586	1,467	130	194	-64	5,278	991	4,287
1979.....	1,747	210	1,537	2,065	865	1,200	217	420	-203	4,029	1,495	2,534
1980.....	1,238	299	939	1,523	1,108	415	157	352	-195	2,918	1,759	1,159
1981.....	2,001	463	1,538	6,433	1,164	5,269	415	210	205	8,849	1,837	7,012
1982.....	3,955	789	3,166	7,668	1,878	5,790	706	348	358	12,329	3,015	9,314
1983.....	2,311	2,035	276	5,369	1,754	3,615	309	295	14	7,989	4,084	3,905
1984.....	2,270	1,996	274	4,262	1,626	2,636	787	259	528	7,319	3,881	3,438
1985.....	5,434	1,961	3,473	4,754	3,064	1,690	478	328	150	10,666	5,353	5,313
1986.....	6,438	1,907	4,531	9,633	3,214	6,419	673	482	191	16,744	5,603	11,141

Source: Statistics Canada, *Quarterly Estimates of the Canadian Balance of International Payments* (67-001) and *Security Transactions with Non-Residents* (67-002).

Table 66 (continued)

Net Proceeds from New Issues of Canadian Securities to Non-Residents

1950 – 1986

(millions of dollars)

Year	Bonds and debentures of corporations			Total bonds and debentures			Total stocks			Total securities		
	New issues	Retire- ments	Net proceeds	New issues	Retire- ments	Net proceeds	New issues	Retire- ments	Net proceeds	New issues	Retire- ments	Net proceeds
1950.....	28	31	-3	206	282	-76	4	2	2	210	284	-74
1951.....	28	27	1	369	176	193	42	34	8	411	210	201
1952.....	136	15	121	299	88	211	24	1	23	323	89	234
1953.....	64	13	51	289	140	149	46	6	40	335	146	189
1954.....	133	35	98	313	195	118	20	10	10	333	205	128
1955.....	51	41	10	103	178	-75	63	7	56	166	185	-19
1956.....	252	20	232	597	136	461	70	5	65	667	141	526
1957.....	464	31	433	739	109	630	61	25	36	800	134	666
1958.....	253	42	211	645	142	503	43	16	27	688	158	530
1959.....	114	66	48	661	241	420	48	17	31	709	258	451
1960.....	154	104	50	422	257	165	26	9	17	448	266	182
1961.....	354	136	218	504	246	258	44	55	-11	548	301	247
1962.....	331	140	191	709	289	420	20	30	-10	729	319	410
1963.....	392	101	291	970	324	646	14	80	-66	984	404	580
1964.....	414	117	297	1,078	324	754	22	58	-36	1,100	382	718
1965.....	807	214	593	1,216	383	833	24	7	17	1,240	390	850
1966.....	751	131	620	1,408	495	913	57	4	53	1,465	499	966
1967.....	315	148	167	1,270	356	914	37	1	36	1,307	357	950
1968.....	586	233	353	1,850	426	1,424	67	5	62	1,917	431	1,486
1969.....	597	176	421	1,877	438	1,439	212	2	210	2,089	440	1,649
1970.....	541	187	354	1,160	548	612	70	4	66	1,230	552	678
1971.....	391	393	-2	1,169	840	329	22	5	17	1,191	845	346
1972.....	345	236	109	1,685	598	1,087	38	2	36	1,723	600	1,123
1973.....	305	276	29	1,284	736	548	39	2	37	1,323	738	585
1974.....	448	224	224	2,409	585	1,824	14	41	-27	2,423	626	1,797
1975.....	1,031	332	699	4,952	847	4,105	86	4	82	5,038	851	4,187
1976.....	2,868	303	2,565	8,955	878	8,077	81	58	23	9,036	936	8,100
1977.....	1,729	345	1,384	5,939	902	5,037	13	27	-14	5,952	929	5,023
1978.....	1,267	325	942	6,547	1,314	5,233	126	0	126	6,673	1,314	5,359
1979.....	1,150	608	542	5,181	2,104	3,077	162	0	162	5,343	2,104	3,239
1980.....	1,982	751	1,231	4,900	2,510	2,390	503	1	502	5,403	2,511	2,892
1981.....	4,464	1,228	3,236	13,312	3,063	10,249	485	2	483	13,797	3,065	10,732
1982.....	4,221	1,414	2,807	16,551	4,431	12,120	203	4	199	16,754	4,435	12,319
1983.....	1,606	1,094	512	9,597	5,179	4,418	1,184	2	1,182	10,781	5,181	5,600
1984.....	1,946	1,069	877	9,266	4,948	4,318	411	2	409	9,677	4,950	4,727
1985.....	4,045	1,223	2,822	14,713	6,577	8,136	357	8	349	15,070	6,585	8,485
1986.....	8,186	3,613	4,573	24,930	9,217	15,713	1,124	8	1,116	26,054	9,225	16,829

Reference Table 67
Canadian Chartered Banks' Head Office and Branches in Canada
Net Change in Foreign Currency Positions⁽¹⁾
1965 – 1986
(millions of dollars)

Year	With U.S. residents ⁽²⁾			Other non-residents ⁽²⁾			Total non-residents			With Canadian residents			Changes in banks' own positions	
	Assets	Liabilities	Net	Assets	Liabilities	Net	Assets	Liabilities	Net	Assets	Liabilities	Net		
1965.....	-208	-727	519	-440	505	-945	-648	-222	-426	276	-107	383	-43	
1966.....	208	-309	517	-2	48	-50	206	-261	467	84	401	-317	150	
1967.....	273	76	197	375	188	187	648	264	384	-103	363	-466	-82	
1968.....	168	-296	464	725	701	24	893	405	488	-49	189	-238	250	
1969.....	815	338	477	1,395	1,366	29	2,210	1,704	506	215	1,237	-1,022	-516	
1970.....	-33	22	-55	1,389	1,212	177	1,356	1,234	-122	216	101	115	237	
1971.....	-933	592	-1,525	3,118	1,97	121	-615	789	-1,404	-43	-1,470	1,427	23	
1972.....	-87	175	-262	1,288	1,663	-375	1,201	1,838	-637	-100	-89	-11	-648	
1973.....	528	265	263	3,211	3,131	80	3,739	3,396	343	175	1,406	-1,231	-888	
1974.....	-47	1,026	-1,073	1,492	-935	2,427	1,445	1,354	1,116	1,997	-881	473		
1975.....	-652	833	-1,485	558	-438	996	-94	395	-489	569	-513	1,082	593	
1976.....	884	275	609	2,407	2,075	332	3,291	2,350	941	498	1,789	-1,291	-350	
1977.....	-31	851	-882	838	1,340	-502	807	2,191	-1,384	2,217	843	1,374	-10	
1978.....	2,238	4,324	-2,086	1,881	2,566	-685	4,119	6,890	-2,771	5,442	3,425	2,017	754	
1979.....	672	2,526	-1,854	3,739	5,992	-2,253	4,411	8,518	-4,107	1,178	-572	1,750	-2,357	
1980.....	5,786	4,135	1,651	6,251	9,213	-2,962	12,037	13,348	-1,311	2,759	1,056	1,703	392	
1981.....	-645	8,677	-9,323	3,476	1,746	-8,269	2,831	20,423	-17,592	11,326	-4,293	15,619	-1,973	
1982.....	189	-600	778	-1,693	2,917	-589	-4,293	3,705	2,558	1,927	632	4,336		
1983.....	1,290	8,679	-7,389	2,238	-3,598	5,837	3,528	-5,081	-1,552	-1,147	-1,170	23	-1,529	
1984.....	441	947	-505	-29	32	-62	412	979	-567	316	544	-228	-795	
1985.....	6,765	4,867	1,898	-3,004	-832	-2,172	3,761	4,035	-274	3,076	990	2,086	1,812	
1986.....	6,086	4,914	1,172	2,476	-2,088	4,565	8,562	2,826	5,737	-3,297	-1,574	1,724	4,013	

(1) Adjusted for variations in exchange rates.

(2) Commencing with September 30, 1970, changes in assets and liabilities with residents of Puerto Rico and the U.S. Virgin Islands are included with residents of the United States instead of with other non-residents.

Source: Statistics Canada, Quarterly Estimates of the Canadian Balance of International Payments (67-001).

Reference Table 68
Canada's Official International Reserves
 1961–1986
 (millions of U.S. dollars)

Year	Foreign currencies ⁽¹⁾		Gold	Special Drawing Rights	Reserve position in IMF	Total	Total (millions of SDRs)
	U.S. dollars	Other					
1961.....	1123.0	10.7	946.2	—	212.1	2292.0	2292.0
1962.....	1842.8	9.2	708.5	—	0.0	2560.5	2560.5
1963.....	1786.6	9.5	817.2	—	0.0	2613.3	2613.3
1964.....	1654.5	11.8	1025.7	—	197.5	2889.5	2889.5
1965.....	1519.9	12.8	1150.8	—	353.4	3036.9	3036.9
1966.....	1195.4	12.4	1045.6	—	448.5	2701.9	2701.9
1967.....	1255.2	13.4	1014.9	—	433.4	2716.9	2716.9
1968.....	1964.9	11.6	863.1	—	206.2	3045.8	3045.8
1969.....	1743.6	12.3	872.3	—	478.1	3106.3	3106.3
1970.....	3022.1	14.5	790.7	182.1	669.6	4679.0	4679.0
1971.....	4060.6	13.6	791.8	371.9	332.6	5570.4	5570.4
1972.....	4355.0	12.6	834.1	505.2	342.9	6049.9	5572.3
1973.....	3927.2	12.2	926.9	563.7	338.2	5768.2	4781.5
1974.....	3767.7	12.9	940.7	574.3	529.7	5825.3	4757.9
1975.....	3207.1	15.7	899.4	555.4	648.0	5325.6	4549.3
1976.....	3446.3	15.8	879.0	557.8	944.5	5843.4	5029.2
1977.....	2298.7	15.8	935.6	505.3	852.1	4607.5	3793.1
1978.....	2459.5	18.4	1009.1	522.4	556.8	4566.2	3504.9
1979.....	1863.9	23.9	1022.6	585.9	390.6	3886.9	2950.6
1980.....	2037.6	23.1	936.6	453.2	579.0	4029.6	3159.5
1981.....	2865.3	95.8	833.7	174.0	402.4	4371.1	3755.4
1982.....	2454.9	120.1	782.3	70.8	365.0	3793.2	3438.6
1983.....	2373.8	368.2	739.1	21.0	703.3	4205.4	4016.8
1984.....	1692.1	48.6	690.8	72.2	678.4	3182.1	3246.4
1985.....	1523.9	50.1	773.0	217.9	710.8	3275.6	2982.1
1986.....	2274.1	43.4	844.5	247.4	686.3	4095.6	3348.3

(1) Convertible foreign currency of the Exchange Fund Account, the Receiver General for Canada and the Bank of Canada.

Source: Department of Finance.

Reference Table 69
Canada's International Investment Position for Selected Years
 1926 – 1986
 (billions of dollars)

Year	Canada's Assets							Total assets ⁽²⁾
	Direct investment	Portfolio investment	Official international reserves	Government of Canada loans and subscriptions	Non-bank deposits ⁽¹⁾	Canadian banks' net foreign currency asset position	Other assets	
1926	0.4	0.5	—	—	—	—	0.4	1.3
1930	0.4	0.8	—	—	—	—	0.3	1.5
1939	0.7	0.7	0.5	—	—	—	0.0	1.9
1945	0.7	0.6	1.7	0.7	—	0.1	0.2	4.0
1950	1.0	0.6	2.0	2.1	—	0.1	0.1	5.9
1955	1.7	1.0	2.0	1.7	—	0.4	0.3	7.1
1960	2.5	1.3	2.0	1.6	—	1.2	0.3	8.9
1965	3.5	1.9	3.3	1.6	0.4	0.4	1.8	12.9
1970	6.2	2.8	4.7	2.5	1.5	2.1	2.2	22.0
1975	10.5	4.2	5.4	5.2	1.2	1.4	5.9	33.8
1980	25.9	8.9	3.7	10.8	3.8	—	13.3	67.5
1981	32.6	9.2	5.2	12.0	11.3	—	16.5	86.8
1982	35.8	9.8	4.6	14.9	15.1	—	16.4	96.6
1983	38.1	11.3	5.2	15.4	14.4	—	20.5	104.9
1984	42.8	14.7	4.2	17.8	17.3	—	24.2	121.0
1985	50.5	16.5	4.6	19.4	16.2	—	25.5	132.7
1986	56.1	18.1	5.6	19.5	18.7	—	27.6	145.6

⁽¹⁾ Prior to 1965, included in Canadian banks' net foreign currency asset position.

⁽²⁾ Data for 1926 and 1930 excludes short-term receivables and payables.

Source: Statistics Canada, *Canada's International Investment Position* (67-202).

Reference Table 69 (continued)
Canada's International Investment Position for Selected Years
 1926 – 1986
 (billions of dollars)

Year	Canada's Liabilities							Net international investment position	Cumulative statistical discrepancy
	Direct investment	Portfolio investment	Non-resident equity in Canadian assets abroad	Canadian bank's net foreign currency liability position	Money market securities ⁽¹⁾	Other liabilities	Total liabilities ⁽²⁾		
1926.....	1.8	3.9	—	—	—	0.7	6.4	-5.1	0.0
1930.....	2.4	4.9	—	—	—	0.7	8.0	-6.5	0.0
1939.....	2.3	4.3	0.2	—	—	0.6	7.4	-5.5	0.0
1945.....	2.7	4.1	0.2	—	—	1.1	8.1	-4.1	-0.1
1950.....	4.0	4.4	0.3	—	—	1.4	10.1	-4.2	-0.3
1955.....	7.7	5.2	0.7	—	—	1.8	15.4	-8.3	0.3
1960.....	12.9	7.9	1.1	—	—	3.1	25.0	-16.1	-0.5
1965.....	17.4	10.1	1.6	—	—	5.8	34.9	-22.0	-0.4
1970.....	26.4	14.9	2.8	—	—	7.9	52.0	-30.0	1.6
1975.....	37.4	28.2	3.9	—	—	14.0	83.5	-49.7	7.2
1980.....	61.6	69.7	9.0	7.0	4.4	22.4	174.1	-106.6	20.3
1981.....	66.5	83.9	9.8	25.3	4.3	28.4	218.2	-131.4	28.9
1982.....	68.8	97.8	10.9	22.8	2.6	25.6	228.5	-131.9	31.2
1983.....	72.6	104.5	11.5	24.5	4.4	28.4	245.9	-141.0	37.0
1984.....	79.6	116.7	12.9	26.4	6.0	31.3	272.9	-151.9	43.9
1985.....	83.9	138.6	14.0	28.4	5.5	34.1	304.5	-171.8	51.0
1986.....	93.0	166.4	14.6	22.4	8.0	38.5	342.9	-197.3	56.0

(1) Prior to 1980, included in Other liabilities.

(2) Data for 1926 and 1930 excludes short-term receivables and payables.

Reference Table 70
Price of Foreign Currencies in Canada
 1952 – 1986
 (average of daily rates)

Year	Belgian franc	French franc	German mark	Italian lira	Japanese yen	Dutch guilder	Swedish krona	Swiss franc	Pound Sterling	U.S. dollar
1952.....	0.0195	0.280	0.233	0.00157	0.00272	0.258	0.189	0.227	2.734	0.979
1953.....	0.0197	0.281	0.234	0.00158	0.00273	0.259	0.190	0.229	2.767	0.983
1954.....	0.0195	0.278	0.232	0.00156	0.00270	0.257	0.188	0.227	2.734	0.973
1955.....	0.0196	0.282	0.234	0.00158	0.00274	0.259	0.191	0.230	2.754	0.986
1956.....	0.0197	0.281	0.234	0.00158	0.00273	0.257	0.190	0.230	2.752	0.984
1957.....	0.0191	0.256	0.228	0.00154	0.00266	0.251	0.185	0.224	2.679	0.959
1958.....	0.0195	0.231	0.232	0.00156	0.00270	0.257	0.188	0.226	2.728	0.971
1959.....	0.0192	0.196	0.230	0.00154	0.00266	0.254	0.185	0.222	2.694	0.959
1960.....	0.0195	0.198	0.233	0.00156	0.00269	0.257	0.188	0.225	2.723	0.970
1961.....	0.0203	0.207	0.252	0.00163	0.00281	0.279	0.196	0.235	2.839	1.013
1962.....	0.0215	0.218	0.267	0.00172	0.00297	0.297	0.207	0.247	3.001	1.069
1963.....	0.0216	0.220	0.271	0.00174	0.00300	0.300	0.208	0.250	3.020	1.079
1964.....	0.0217	0.220	0.271	0.00173	0.00300	0.299	0.209	0.250	3.012	1.079
1965.....	0.0217	0.220	0.270	0.00173	0.00299	0.299	0.209	0.249	3.014	1.078
1966.....	0.0216	0.219	0.269	0.00173	0.00298	0.298	0.209	0.249	3.009	1.077
1967.....	0.0217	0.219	0.271	0.00173	0.00298	0.299	0.209	0.249	2.962	1.079
1968.....	0.0216	0.218	0.270	0.00173	0.00299	0.298	0.209	0.250	2.579	1.077
1969.....	0.0215	0.208	0.275	0.00172	0.00301	0.297	0.208	0.250	2.574	1.077
1970.....	0.0210	0.189	0.286	0.00167	0.00292	0.289	0.201	0.242	2.502	1.044
1971.....	0.0208	0.183	0.291	0.00163	0.00291	0.289	0.198	0.246	2.469	1.010
1972.....	0.0225	0.196	0.311	0.00170	0.00327	0.309	0.208	0.259	2.479	0.991
1973.....	0.0258	0.226	0.378	0.00172	0.00370	0.360	0.230	0.317	2.452	1.000
1974.....	0.0252	0.204	0.379	0.00150	0.00335	0.365	0.221	0.330	2.288	0.978
1975.....	0.0277	0.238	0.414	0.00156	0.00343	0.403	0.246	0.394	2.259	1.017
1976.....	0.0256	0.207	0.392	0.00119	0.00333	0.373	0.227	0.395	1.781	0.986
1977.....	0.0297	0.217	0.459	0.00121	0.00398	0.434	0.238	0.445	1.857	1.063
1978.....	0.0363	0.254	0.570	0.00135	0.00548	0.529	0.253	0.644	2.191	1.141
1979.....	0.0400	0.276	0.640	0.00141	0.00537	0.584	0.273	0.705	2.486	1.171
1980.....	0.0400	0.277	0.644	0.00137	0.00519	0.589	0.276	0.698	2.720	1.169
1981.....	0.0324	0.222	0.532	0.00106	0.00545	0.482	0.238	0.613	2.430	1.199
1982.....	0.0271	0.189	0.509	0.00091	0.00497	0.462	0.198	0.609	2.158	1.234
1983.....	0.0242	0.162	0.483	0.00081	0.00519	0.433	0.161	0.588	1.869	1.232
1984.....	0.0225	0.149	0.456	0.00074	0.00546	0.404	0.157	0.552	1.728	1.295
1985.....	0.0232	0.153	0.468	0.00072	0.00577	0.415	0.160	0.562	1.771	1.366
1986.....	0.0312	0.201	0.643	0.00094	0.00827	0.570	0.195	0.777	2.038	1.389

Source: Bank of Canada.

Reference Table 71
Indexes of Exchange Rates

1971 – 1986

1981 = 100

Year	Price of Canadian dollar in			Price of United States dollar in		
	United States	Other G-10 Countries	Total G-10 Countries	Canada	Other G-10 Countries	Total G-10 Countries
1971.....	118.7	141.9	122.7	84.2	125.6	108.9
1972.....	121.0	132.7	123.1	82.6	114.4	101.9
1973.....	119.9	120.4	120.0	83.4	103.4	95.8
1974.....	122.6	128.2	123.6	81.6	107.5	97.4
1975.....	117.9	122.1	118.7	84.8	105.7	97.7
1976.....	121.6	136.5	124.2	82.2	112.7	100.7
1977.....	112.8	121.9	114.4	88.7	107.5	100.3
1978.....	105.2	97.5	103.7	95.1	91.4	92.7
1979.....	102.4	91.2	100.3	97.7	88.4	91.7
1980.....	102.5	90.4	100.2	97.5	88.3	91.5
1981.....	100.0	100.0	100.0	100.0	100.0	100.0
1982.....	97.2	110.6	99.5	102.9	113.4	109.6
1983.....	97.3	117.4	100.7	102.8	119.1	113.0
1984.....	92.6	121.4	97.3	108.0	128.7	120.9
1985.....	87.8	118.3	92.7	113.9	132.1	125.2
1986.....	86.3	88.9	86.8	115.9	99.4	105.0
1984 J.....	96.0	122.7	100.4	104.1	125.8	117.6
1984 F.....	96.1	120.3	100.1	104.1	123.3	116.1
1984 M.....	94.4	114.6	97.8	105.9	119.3	114.4
1984 A.....	93.7	115.3	97.3	106.7	120.8	115.6
1984 M.....	92.6	117.2	96.7	108.0	124.3	118.3
1984 J.....	91.9	117.1	96.1	108.8	125.1	119.0
1984 J.....	90.5	120.0	95.3	110.4	130.1	122.7
1984 A.....	92.0	122.5	96.9	108.7	130.8	122.4
1984 S.....	91.2	125.8	96.7	109.6	135.3	125.5
1984 O.....	90.9	127.2	96.7	110.0	137.0	126.7
1984 N.....	91.1	125.1	96.5	109.8	134.5	125.1
1984 D.....	90.8	128.6	96.8	110.1	138.5	127.6
1985 J.....	90.6	132.1	97.0	110.4	142.4	130.0
1985 F.....	88.6	133.7	95.5	112.9	147.3	133.9
1985 M.....	86.7	129.6	93.3	115.4	146.2	134.4
1985 A.....	87.8	124.0	93.5	113.8	138.6	129.2
1985 M.....	87.1	123.2	92.8	114.7	138.9	129.8
1985 J.....	87.7	121.9	93.1	114.0	136.7	128.2
1985 J.....	88.6	117.2	93.3	112.8	130.4	123.9
1985 A.....	88.3	114.4	92.6	113.2	127.4	122.2
1985 S.....	87.5	114.2	91.9	114.3	128.4	123.2
1985 O.....	87.7	106.7	90.9	114.0	119.2	117.4
1985 N.....	87.1	102.9	89.8	114.8	115.6	115.4
1985 D.....	85.9	100.2	88.4	116.3	113.9	114.8
1986 J.....	85.2	98.1	87.5	117.3	112.1	114.0
1986 F.....	85.4	93.8	86.9	117.1	106.4	110.1
1986 M.....	85.6	91.4	86.6	116.8	103.5	108.1
1986 A.....	86.4	91.4	87.3	115.7	102.6	107.2
1986 M.....	87.2	89.8	87.7	114.7	99.8	105.0
1986 J.....	86.3	89.2	86.8	115.9	100.1	105.6
1986 J.....	86.8	86.8	86.9	115.2	96.5	102.8
1986 A.....	86.4	84.4	86.0	115.8	93.9	101.3
1986 S.....	86.4	84.5	86.1	115.7	93.8	101.2
1986 O.....	86.4	84.7	86.1	115.8	93.9	101.2
1986 N.....	86.5	86.4	86.5	115.6	95.8	102.5
1986 D.....	86.9	86.0	86.7	115.1	94.8	101.7

Source: Bank of Canada and Department of Finance.

Reference Table 72
Money Market and Eurodollar Rates⁽¹⁾
 1982 – 1986

Month	Canada	United States	Japan	France	West Germany	United Kingdom	Netherlands	Belgium	Eurodollar London
1982 J.	14.34	12.41	6.64	15.07	10.46	14.97	10.18	12.27	14.62
1982 F.	14.58	13.78	6.68	14.52	10.27	14.35	9.98	12.00	15.00
1982 M.	14.86	12.49	6.61	15.25	9.87	13.13	7.76	10.21	14.98
1982 A.	14.98	12.82	7.15	16.36	9.33	13.51	8.43	12.56	15.21
1982 M.	15.18	12.15	7.28	16.19	9.18	13.29	8.87	12.90	14.58
1982 J.	16.33	12.11	7.37	15.86	9.28	12.79	8.14	11.59	15.48
1982 J.	15.25	11.91	7.40	14.84	9.46	12.12	8.78	13.05	14.36
1982 A.	13.70	9.01	7.44	14.68	9.00	10.76	8.51	11.63	11.63
1982 S.	12.73	8.20	7.31	14.24	8.18	10.35	7.37	10.43	11.78
1982 O.	11.21	7.75	7.19	13.64	7.58	9.51	7.24	10.98	10.41
1982 N.	10.72	8.04	7.22	13.17	7.31	9.21	6.29	10.32	9.79
1982 D.	9.80	8.01	7.19	12.90	6.62	10.25	5.19	9.29	9.52
1983 J.	9.58	7.81	7.00	12.75	5.82	10.98	5.14	9.65	8.99
1983 F.	9.23	8.13	6.92	13.05	5.83	11.12	4.89	9.88	9.18
1983 M.	9.17	8.30	6.85	12.76	5.45	10.89	4.44	11.28	9.30
1983 A.	9.12	8.25	6.76	12.31	5.20	10.22	5.18	9.60	9.23
1983 M.	9.25	8.19	6.66	12.73	5.33	10.10	5.21	7.21	9.02
1983 J.	9.17	8.82	6.64	12.81	5.57	9.80	4.94	7.22	9.71
1983 J.	9.24	9.12	6.72	12.44	5.57	9.70	5.28	7.46	10.04
1983 A.	9.32	9.39	6.80	12.62	5.71	9.54	5.56	7.57	10.33
1983 S.	9.24	9.05	6.86	12.61	5.88	9.36	5.67	5.85	9.86
1983 O.	9.24	8.71	6.69	12.63	6.18	9.03	5.75	6.73	9.61
1983 N.	9.38	8.71	6.38	12.50	6.30	9.03	5.60	8.32	9.84
1983 D.	9.71	8.96	6.38	12.36	6.48	9.06	5.75	7.39	10.14
1984 J.	9.73	8.93	6.22	12.62	6.12	9.07	5.71	7.92	9.81
1984 F.	9.82	9.03	6.34	12.61	5.95	9.06	5.80	7.17	9.96
1984 M.	10.53	9.44	6.38	12.72	5.86	8.58	6.06	10.93	10.46
1984 A.	10.59	9.69	6.25	12.65	5.84	8.55	5.78	11.13	10.87
1984 M.	11.29	9.90	6.25	12.37	6.10	9.04	5.61	9.03	11.60
1984 J.	12.11	9.94	6.28	12.39	6.13	9.00	5.72	9.55	11.73
1984 J.	12.73	10.13	6.26	11.87	6.13	11.19	5.97	10.03	12.05
1984 A.	12.13	10.49	6.36	11.57	6.02	10.47	5.81	10.62	11.87
1984 S.	12.02	10.41	6.39	11.25	5.82	10.24	5.83	8.68	11.71
1984 O.	11.46	9.97	6.32	10.97	6.07	10.04	5.90	9.43	10.81
1984 N.	10.50	8.79	6.43	10.69	5.96	9.36	5.57	10.07	9.56
1984 D.	9.84	8.16	6.41	10.83	5.83	9.31	5.63	9.12	8.96
1985 J.	9.50	7.76	6.29	10.59	5.87	11.25	5.77	9.22	8.45
1985 F.	11.27	8.22	6.45	10.77	6.16	13.50	6.48	8.99	9.11
1985 M.	10.40	8.57	6.48	10.88	6.39	13.16	6.90	9.13	9.39
1985 A.	9.77	8.00	6.34	10.65	6.02	12.29	6.76	9.45	8.75
1985 M.	9.51	7.56	6.38	10.32	5.84	12.27	7.12	8.84	8.16
1985 J.	9.33	7.01	6.32	10.35	5.68	12.27	6.84	8.00	7.66
1985 J.	9.06	7.05	6.35	10.12	5.34	11.78	6.61	6.97	7.95
1985 A.	8.95	7.18	6.41	9.95	4.79	11.30	5.98	8.00	8.08
1985 S.	8.75	7.08	6.45	9.75	4.69	11.34	5.74	7.91	8.21
1985 O.	8.53	7.13	6.78	9.45	4.81	11.40	5.87	8.26	8.14
1985 N.	8.85	7.20	8.04	9.06	4.84	11.44	5.81	7.91	8.08
1985 D.	9.24	7.07	8.10	9.07	4.83	11.45	5.77	6.60	8.05
1986 J.	10.55	7.04	7.06	9.08	4.67	12.60	5.72	8.10	8.10
1986 F.	11.55	7.03	6.00	8.92	4.49	12.45	5.97	8.47	7.96
1986 M.	10.19	6.59	5.59	8.42	4.54	11.72	5.71	7.20	7.49
1986 A.	8.72	6.06	4.97	7.73	4.49	10.46	5.49	8.67	6.87
1986 M.	8.33	6.12	4.62	7.31	4.60	10.09	6.62	6.44	6.94
1986 J.	8.59	6.21	4.66	7.33	4.60	9.66	6.17	5.18	6.99
1986 J.	8.26	5.84	4.69	7.22	4.63	9.75	6.13	6.34	6.61
1986 A.	8.33	5.57	4.77	7.19	4.57	9.75	5.62	6.37	6.13
1986 S.	8.35	5.19	4.44	7.18	4.64	9.96	5.31	5.76	5.92
1986 O.	8.30	5.18	4.30	7.51	4.67	10.87	5.40	6.26	5.93
1986 N.	8.24	5.35	4.34	7.60	4.75	10.89	5.65	5.81	6.01
1986 D.	8.22	5.49	4.39	8.00	4.81	10.92	6.17	5.09	6.26

(1) For the United States, data represent the three-month treasury bill, rather than the Federal Funds Rate.

Source: International Monetary Fund, *International Financial Statistics*.

Reference Table 73
Monetary Aggregates

1966 – 1986

(millions of dollars, average of Wednesdays)

Year	Monetary base ⁽¹⁾	Currency outside banks	Currency and demand deposits less private sector float (M1)	M1 plus daily interest chequable and non-personal notice deposits (M1A)	M1A plus other notice deposits and personal term deposits (M2)	M2 plus other non-personal fixed-term deposits + foreign currency deposits of residents (M3)	Currency + total Canadian dollar privately held chartered bank deposits
1966.....	3,599	2,361	7,209	—	—	—	19,748
1967.....	3,880	2,585	7,897	—	—	—	22,164
1968.....	3,912	2,774	8,252	8,903	21,764	—	25,051
1969.....	4,299	3,063	8,832	9,471	24,071	—	27,429
1970.....	4,534	3,272	9,055	9,714	25,807	32,438	29,310
1971.....	5,095	3,587	10,220	11,298	29,055	35,837	33,565
1972.....	5,896	4,073	11,679	12,703	32,190	40,896	39,525
1973.....	6,811	4,674	13,393	14,390	36,931	47,232	45,085
1974.....	7,729	5,341	14,635	15,649	44,489	59,379	54,625
1975.....	9,051	6,076	16,643	18,102	51,252	68,505	64,569
1976.....	10,117	6,766	17,990	19,468	57,916	81,368	75,760
1977.....	11,168	7,363	19,506	21,198	66,188	94,820	87,840
1978.....	12,550	8,140	21,472	23,530	73,540	108,421	99,002
1979.....	13,874	8,863	22,981	25,283	85,113	129,950	118,393
1980.....	14,943	9,445	24,400	27,571	101,216	151,332	139,787
1981.....	16,065	10,035	25,226	29,168	116,392	171,335	162,325
1982.....	16,226	10,594	25,188	30,568	127,080	178,353	171,774
1983.....	16,477	11,515	27,708	35,306	134,337	179,291	172,951
1984.....	16,553	12,410	28,662	40,393	140,258	182,970	176,154
1985.....	17,277	13,325	29,863	55,095	153,485	193,511	186,353
1986.....	18,437	14,366	31,318	68,272	166,774	205,913	197,883

⁽¹⁾ Series unadjusted for changes in reserve requirements.

Source: *Bank of Canada Review*.

Table 73.1
Change in Monetary Aggregates
 1967 – 1986
 (per cent)

Year	Monetary base	Currency outside banks	Currency and demand deposits less private sector float (M1)	M1 plus daily interest chequable and non-personal notice deposits (M1A)	M1A plus other notice deposits and personal term deposits (M2)	M2 plus other non-personal fixed-term deposits + foreign currency deposits of residents (M3)	Currency + total Canadian dollar privately held chartered bank deposits
1967.....	7.8	9.5	9.5	—	—	—	12.2
1968.....	0.8	7.3	4.5	—	—	—	13.0
1969.....	9.9	10.4	7.0	6.4	10.6	—	9.5
1970.....	5.5	6.9	2.5	2.6	7.2	—	6.9
1971.....	12.4	9.6	12.9	16.3	12.6	10.5	14.5
1972.....	15.7	13.6	14.3	12.4	10.8	14.1	17.8
1973.....	15.5	14.8	14.7	13.3	14.7	15.5	14.1
1974.....	13.5	14.3	9.3	8.8	20.5	25.7	21.2
1975.....	17.1	13.8	13.7	15.7	15.2	15.4	18.2
1976.....	11.8	11.4	8.1	7.5	13.0	18.8	17.3
1977.....	10.4	8.8	8.4	8.9	14.3	16.5	15.9
1978.....	12.4	10.5	10.1	11.0	11.1	14.3	12.7
1979.....	10.5	8.9	7.0	7.4	15.7	19.9	19.6
1980.....	7.7	6.6	6.2	9.1	18.9	16.5	18.1
1981.....	7.5	6.2	3.4	5.8	15.0	13.2	16.1
1982.....	1.0	5.6	-0.1	4.8	9.2	4.1	5.8
1983.....	1.5	8.7	10.0	15.5	5.7	0.5	0.7
1984.....	0.5	7.8	3.4	14.4	4.4	2.1	1.9
1985.....	4.4	7.4	4.2	36.4	9.4	5.8	5.8
1986.....	6.7	7.8	4.9	23.9	8.7	6.4	6.2

Reference Table 74
Selected Interest Rates: Canada and United States
 1971–1986
 Average of last Wednesday of each month
 (per cent)

Year	Canada							United States					
	Bank rate	3-month treasury bills	90-day prime corporate paper	Bank prime lending rate	5-year conventional mortgage rate	Government of Canada bonds: over 10 years	Corporate bonds (MYW)	Discount rate	Federal funds rate	90-day commercial paper (adjusted)	Bank prime lending rate	U.S. government long-term bond	Corporate bonds industrial average (Moody's)
1971	5.2	3.6	4.5	6.5	9.4	6.9	8.3	4.8	4.7	5.2	5.7	5.7	7.6
1972	4.8	3.6	5.1	6.0	9.2	7.2	8.3	4.5	4.5	4.8	5.3	5.6	7.4
1973	6.1	5.5	7.5	7.6	9.6	7.6	8.5	6.5	8.8	8.5	8.2	6.3	7.6
1974	8.5	7.8	10.5	10.8	11.2	8.9	10.2	7.9	10.4	10.3	10.8	7.0	8.8
1975	8.5	7.4	7.9	9.4	11.4	9.0	10.8	6.2	5.8	6.3	7.7	7.0	9.2
1976	9.3	8.9	9.2	10.0	11.8	9.2	10.5	5.5	5.1	5.3	6.8	6.8	8.8
1977	7.7	7.3	7.5	8.5	10.4	8.7	9.7	5.5	5.6	5.7	6.9	7.1	8.3
1978	9.0	8.7	8.8	9.7	10.6	9.3	10.0	7.5	8.0	8.3	9.2	7.9	8.9
1979	12.1	11.7	12.1	12.9	12.0	10.2	10.9	10.4	11.3	11.4	12.8	8.8	9.9
1980	12.9	12.8	13.2	14.3	14.3	12.5	13.2	11.8	13.2	13.0	15.4	10.8	12.4
1981	17.9	17.7	18.3	19.3	18.1	15.2	16.2	13.4	16.0	15.9	18.7	12.9	14.6
1982	14.0	13.6	14.1	15.8	17.9	14.3	15.9	10.9	11.9	12.1	14.6	12.2	14.4
1983	9.6	9.3	9.5	11.2	13.3	11.8	12.8	8.5	9.0	9.2	10.8	10.8	12.3
1984	11.3	11.1	11.2	12.1	13.6	12.8	13.6	8.8	10.1	10.4	12.0	12.0	13.2
1985	9.6	9.4	9.6	10.6	12.2	11.0	11.7	7.7	7.9	8.2	9.9	10.8	11.8
1986	9.2	9.0	9.2	10.5	11.2	9.5	10.8	6.3	6.9	6.7	8.3	8.1	9.9
(Last Wednesdays, per cent)													
1986 JAN	10.3	10.6	10.8	11.0	11.7	10.5	11.3	7.5	7.8	7.9	9.5	9.5	10.8
FEB	11.8	11.6	11.6	13.0	11.9	10.0	10.9	7.5	7.8	7.9	9.5	9.1	10.5
MAR.	10.4	10.2	10.8	12.0	11.7	9.5	10.6	7.0	7.3	7.4	9.0	8.1	10.2
APR.	9.3	8.7	9.0	11.3	11.1	9.3	10.7	6.5	6.9	6.7	8.5	7.6	9.8
MAY..	8.4	8.3	8.6	10.3	10.6	9.5	10.8	6.5	6.9	6.9	8.5	8.0	9.9
JUN...	8.8	8.6	8.6	10.3	10.9	9.4	10.7	6.5	6.9	6.8	8.5	8.2	9.9
JUL...	8.6	8.3	8.6	9.8	11.1	9.4	10.8	6.0	6.3	6.4	8.0	7.9	9.8
AUG...	8.6	8.3	8.4	9.8	11.0	9.2	10.7	5.5	5.9	5.8	7.5	7.7	9.6
SEP...	8.6	8.4	8.4	9.8	11.1	9.4	10.9	5.5	5.8	5.9	7.5	8.1	9.7
OCT ..	8.6	8.3	8.5	9.8	11.3	9.5	10.9	5.5	5.9	5.9	7.5	8.0	9.7
NOV...	8.5	8.2	8.4	9.8	11.3	9.3	10.8	5.5	6.0	5.9	7.5	7.8	9.5
DEC...	8.5	8.2	8.4	9.8	11.2	9.2	10.8	5.5	9.2	6.5	7.5	7.7	9.5
1987 JAN	7.7	7.2	7.4	9.3	10.9	8.9	10.6	5.5	6.1	6.0	7.5	7.6	9.2
FEB	7.6	7.3	7.4	9.3	10.5	9.1	10.7	5.5	5.9	6.2	7.5	7.7	9.3
MAR.	7.1	6.8	6.9	8.8	10.2	9.0	10.6	5.5	6.1	6.4	7.5	7.6	9.2
APR.	8.3	8.1	8.1	9.3	10.4	9.8	11.0	5.5	6.5	6.9	7.8	—	9.6
MAY..	8.5	8.2	8.3	9.5	11.0	9.9	11.0	5.5	6.8	7.2	8.3	—	9.9
JUN ...	8.6	8.3	8.4	9.5	11.3	9.8	—	5.5	6.8	7.1	8.3	—	9.8

Source: *Bank of Canada Review*.

Reference Table 75
Consumer Credit
1962 – 1986
(millions of dollars except otherwise noted)

Year	Banks	Flows				Outstandings				Ratio of consumer credit to personal disposable income(1)
		Credit unions and caisses populaires	Quebec savings bank	Trust and mortgage loan companies	Insurance companies	Other lenders(1)	Banks	Credit unions and caisses populaires	Quebec savings bank	
1962	153	72	5	0	15	165	1,183	523	13	0
1963	249	91	0	0	16	170	1,432	614	14	0
1964	361	91	1	0	16	255	1,793	705	15	0
1965	393	108	0	0	10	235	2,241	813	16	0
1966	217	123	1	0	38	173	2,458	937	16	0
1967	522	188	2	0	31	61	2,980	1,094	17	0
1968	692	152	4	0	66	230	3,672	1,247	21	0
1969	485	148	7	0	105	405	4,157	1,401	24	0
1970	506	93	-2	0	100	-68	4,663	1,493	22	0
1971	1,114	197	-3	0	25	-124	5,777	1,690	25	0
1972	1,366	307	6	0	19	286	7,144	2,000	30	46
1973	1,734	421	6	40	73	368	8,878	2,420	36	82
1974	1,939	352	6	64	178	159	10,817	2,762	44	145
1975	2,332	481	15	95	70	13,149	3,243	58	199	1,117
1976	2,965	639	14	85	62	16,114	3,884	72	288	1,207
1977	2,520	618	15	71	65	-15	18,634	4,512	87	368
1978	2,941	969	17	179	86	282	21,575	5,490	104	649
1979	3,507	728	37	335	196	117	25,081	6,218	141	981
1980	3,667	174	27	559	300	55	28,790	6,391	169	1,545
1981	2,554	178	-15	329	678	487	29,447	6,083	154	1,872
1982	213	-66	-24	161	210	-625	29,519	5,704	130	2,020
1983	988	734	67	316	-42	-42	30,368	6,255	197	2,239
1984	2,966	875	-3	482	1	484	32,595	7,128	194	2,751
1985	4,118	1,114	38	1,007	-23	797	36,753	8,242	231	3,737
1986	3,606	809	66	1,349	0	1,283	40,381	9,071	296	4,971

(1) Includes sales finance and consumer loans companies and other financial institutions.

(2) Interest on consumer loans divided by personal disposable income.

Source: Statistics Canada, *Financial Flow Accounts* (13-002), *National Balance Sheet Accounts* (13-214).

Reference Table 76
Mortgage Lending
 1977 – 1986
 (millions of dollars, except otherwise noted)

	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986
Flows										
Banks ⁽¹⁾	2,664	3,415	2,896	441	-2,339	-5,644	-4,171	1,040	6,431	9,155
Trust companies ⁽¹⁾⁽²⁾	4,240	4,271	5,661	5,566	5,382	6,400	10,637	4,631	4,008	7,050
Credit unions and caisses populaires.	2,382	2,438	2,314	1,654	686	462	2,579	1,818	1,427	1,945
Insurance and pension institutions	2,451	2,235	2,340	2,102	1,950	1,469	1,974	977	2,289	4,318
Other private lenders:										
Mutual funds	321	363	71	46	-166	-176	111	67	102	538
Property and casualty insurance										
Companies	89	43	28	23	-1	-21	27	19	-3	165
Sales finance and consumer loan										
Companies	69	67	97	67	95	-22	-97	-118	-136	-13
Quebec savings banks ⁽²⁾	54	89	103	29	51	52	80	23	445	135
Non-financial private corporation	17	655	70	63	976	391	174	-231	472	-168
Other private financial institutions	141	88	60	108	193	-35	14	-21	17	40
Government sector:										
Federal	-40	-52	-49	-39	-38	-30	-23	-36	-33	-25
Federal enterprises	626	304	24	356	360	317	473	-35	-145	-147
Provincial	283	114	27	108	287	390	146	154	22	-103
Provincial enterprises	285	276	288	409	700	872	423	126	-2	76
Total Flows.....	13,582	14,306	13,790	10,841	8,136	4,425	12,347	8,414	14,894	22,966
Outstandings										
Banks ⁽¹⁾	11,746	15,162	18,058	18,457	17,551	12,316	8,150	38,174	44,602	53,755
Trust companies ⁽¹⁾⁽²⁾	25,676	30,000	35,646	41,156	44,731	51,264	62,030	37,101	40,984	50,072
Credit unions and caisses populaires.	9,183	11,666	13,993	15,631	16,364	15,665	18,440	20,258	21,750	23,861
Insurance and pension institutions	17,019	19,247	21,674	23,748	25,714	26,807	28,328	29,033	31,312	35,421
Other private lenders:										
Mutual funds	955	1,339	1,421	1,375	1,208	1,030	1,142	1,209	1,327	1,930
Property and casualty insurance										
Companies	290	331	361	384	375	353	382	401	396	561
Sales finance and consumer loan										
Companies	933	1,000	1,089	1,465	1,311	904	804	681	541	528
Quebec savings banks ⁽²⁾	672	760	863	892	2,638	2,691	2,771	2,794	3,237	1,349
Non-financial private corporation	2,619	2,925	3,231	4,143	5,470	5,295	5,231	5,502	5,974	5,806
Other private financial institutions	628	766	807	606	698	532	517	492	511	573
Government sector:										
Federal	479	427	377	337	300	263	240	204	168	146
Federal enterprises	10,501	10,806	10,830	11,186	11,545	11,861	12,334	12,299	12,156	11,999
Provincial	2,545	2,781	2,834	2,942	3,257	3,692	3,840	3,994	4,016	3,765
Provincial enterprises	752	1,029	1,276	1,830	2,782	3,301	4,216	4,342	4,335	4,416
Total Outstandings.....	83,998	98,239	112,460	124,152	133,944	135,974	148,425	156,484	171,309	194,182
Ratio of Mortgage credit to Personal Disposable Income (per cent).....	9.6	9.0	7.7	5.3	3.4	1.7	4.5	2.8	4.6	6.7
Mortgage credit growth (per cent).....	17.8	17.0	14.5	10.4	7.9	1.5	9.2	5.4	9.5	13.4
Residential Construction growth (per cent).....	5.2	6.7	6.9	2.5	18.2	-14.5	21.2	4.6	15.4	24.0

(1) Mortgage loan affiliates are consolidated with the banks and other mortgage loans companies with trust companies after 1984Q2.

(2) The activity of Crédit Foncier, which was part of the trust and mortgage loan companies before 1981, was included with that of the Banque d'épargne between 1981Q4 and 1986Q1. Since then,

Crédit Foncier is part of the trust companies.

Source Statistics Canada. *National Balance Sheet Accounts* (13-002); *National Balance Sheet Accounts* (13-214).

Reference Table 77
Non-Financial Private Business: Net New Borrowing by Instrument
1977 – 1986
(millions of dollars)

	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986
Flows										
Short-term instruments:										
Sub-Total	3,571	4,443	14,197	13,720	23,239	6,561	-5,851	5,746	8,258	9,018
Loans	3,658	4,141	12,747	11,119	21,461	646	-7,601	5,074	4,856	1,063
Finance and other short-term paper	-87	302	1,450	2,601	1,778	5,915	1,750	672	3,402	7,955
Long-Term instruments:										
Sub-Total	6,756	7,602	6,604	9,492	13,623	7,980	9,936	10,489	14,109	17,143
Mortgages	2,056	1,257	870	1,788	1,599	1,337	878	160	1,446	738
Bonds	2,028	1,563	474	2,141	5,381	2,838	2,963	1,533	1,824	3,363
Stocks	2,672	4,782	5,260	5,563	6,643	3,805	6,095	8,796	10,839	13,042
Total: short-term and long-term instruments	10,327	12,045	20,801	23,212	36,862	14,541	4,085	16,235	22,367	26,161
Outstandings										
Short-term instruments:										
Sub-Total	39,764	45,055	63,090	79,917	110,630	116,478	107,990	119,910	128,319	137,237
Loans	36,928	41,885	58,406	72,648	101,553	101,444	91,222	102,464	107,482	108,445
Finance and other short-term paper	2,836	3,170	4,684	7,269	9,077	15,034	16,768	17,446	20,837	28,792
Long-Term instruments:										
Sub-Total	154,889	183,220	207,785	237,383	274,831	282,001	297,572	318,613	352,475	390,418
Mortgages	22,153	24,047	25,304	26,174	27,773	29,110	29,988	30,148	31,594	32,332
Bonds	22,819	26,155	26,455	28,689	37,698	42,151	44,683	46,816	50,093	55,256
Stocks	109,917	133,018	156,026	182,520	209,360	210,740	222,901	241,649	270,788	302,830
Total: short-term and long-term instruments	194,653	228,275	270,875	317,300	385,461	398,479	405,562	438,523	480,794	527,655

Source: Statistics Canada, *Financial Flow Accounts* (13-002); *National Balance Sheet Accounts* (13-214).

Reference Table 78
Total Funds Intermediated by Financial Institutions (Flows)
 1977 – 1986
 (millions of dollars)

	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986
By Instrument										
Consumer credit	3,274	4,474	4,920	4,782	4,211	131	2,021	4,805	7,051	7,113
Bank loans	4,921	7,229	14,710	15,815	34,547	-7,394	-11,480	4,937	6,646	-5,349
Other loans	2,136	2,668	4,379	5,466	2,980	2,529	3,337	3,574	4,022	3,717
Treasury bills	1,228	979	707	2,226	548	5,299	5,508	1,435	2,183	5,024
Short-term paper	844	952	1,968	225	3,672	4,276	-1,731	1,153	2,742	6,731
Mortgages	13,318	13,593	13,883	10,693	6,910	3,672	12,050	8,523	14,427	23,215
Bonds	6,487	7,711	6,326	8,078	7,277	8,441	12,186	9,924	14,673	12,985
Stocks	2,224	6,221	1,822	3,583	4,506	2,456	6,754	8,920	12,030	12,532
Total	34,432	43,827	48,715	50,868	64,651	19,148	28,645	43,271	63,774	65,968
By institution										
Banks	13,395	20,369	21,187	18,487	37,093	-11,015	-12,698	8,316	21,348	9,247
Near-Banks	8,883	9,337	10,999	11,910	8,934	-12,329	21,531	10,808	10,390	15,179
Insurance companies and pension funds	6,911	8,030	10,760	11,970	12,697	11,642	14,414	16,433	19,107	20,957
Other private	2,774	3,743	3,498	4,713	3,377	2,086	2,854	9,510	18,075	
Public financial institutions	2,469	2,348	2,271	3,788	2,550	4,106	2,544	2,430	3,419	2,510
Total	34,432	43,827	48,715	50,868	64,651	19,148	28,645	43,271	63,774	65,968

Source: Statistics Canada, *Financial Flow Accounts* (13-002).

Reference Table 79
Total Funds Intermediated by Financial Institutions (Outstandings)
1977 – 1986
(millions of dollars)

	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986
By Instrument										
Consumer credit	29,026	33,733	38,643	43,260	45,070	44,429	46,040	50,137	57,209	64,222
Bank loans	49,812	57,890	72,411	88,786	127,706	125,582	112,133	122,565	128,505	119,285
Other loans	16,238	18,745	23,358	28,621	28,438	25,869	28,872	31,013	34,633	38,271
Treasury bills	6,305	7,559	8,614	11,388	12,108	17,304	24,646	26,402	28,895	34,191
Short-term paper	6,214	7,736	10,055	11,005	14,287	20,508	19,709	21,088	23,376	30,387
Mortgages	78,208	91,963	105,979	116,688	124,873	126,663	139,065	146,731	161,089	184,365
Bonds	48,895	56,709	63,030	71,261	77,624	86,538	98,751	109,288	124,515	139,034
Stocks	19,285	26,154	29,377	34,517	40,244	44,305	53,815	64,655	78,701	94,292
Total	253,983	300,489	351,467	405,526	470,350	491,198	523,031	571,879	636,923	704,047
By institution										
Banks	96,589	118,055	139,064	158,228	199,393	194,192	179,507	225,651	246,392	252,008
Near-banks	48,913	58,151	69,088	80,893	90,023	100,894	122,162	100,113	110,337	125,302
Insurance companies and pension funds	54,350	62,589	73,993	86,338	98,796	111,043	127,761	145,412	165,911	189,370
Other private	32,079	37,295	42,456	49,173	48,310	47,732	53,036	57,719	67,976	88,103
Public financial institutions	22,052	24,399	26,866	30,894	33,828	37,337	40,565	42,984	46,307	49,264
Total	253,983	300,489	351,467	405,526	470,350	491,198	523,031	571,879	636,923	704,047

Source: Statistics Canada, National Balance Sheet Accounts (13-214).

Reference Table 80
Funds Raised in Canadian Financial Markets, by Instrument
1977 – 1986
 (millions of dollars)

	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986
Consumer credit	3,309	4,530	4,888	4,682	4,406	2,202	2,109	5,002	7,171	7,113
Bank loans	4,921	7,229	14,710	15,815	34,547	-7,394	-11,480	4,937	6,646	-5,349
Other loans	3,855	7,179	6,480	7,747	7,375	6,208	4,082	7,375	10,277	6,112
Private corporations	805	924	2,041	1,152	3,150	2,206	263	2,589	2,230	3,381
Financial institutions	61	878	636	744	1,224	344	1,171	800	3,920	-1,945
Others	2,989	5,377	3,803	5,851	3,001	3,658	2,648	3,986	4,127	4,676
Treasury bills	2,491	2,598	1,976	5,298	-178	5,088	13,104	10,112	9,889	11,425
Short-term paper	578	2,454	3,530	5,788	3,705	9,682	6,100	4,095	5,329	15,215
Mortgages	13,211	14,339	13,651	11,277	8,944	4,741	12,607	8,682	15,226	23,298
Bonds	17,185	17,489	13,971	18,383	32,562	33,491	26,816	27,990	35,209	31,906
Governments	10,247	11,688	8,455	10,451	18,832	22,998	19,885	22,212	29,363	18,977
Private corporations	2,028	1,563	474	2,141	5,381	2,838	2,963	1,533	1,824	3,363
Others	4,910	4,238	5,042	5,791	8,349	7,655	3,968	4,245	4,022	9,566
Stocks.....	3,395	8,735	7,417	8,012	13,450	7,386	13,330	16,360	25,058	33,750
Total all instruments	48,945	64,553	66,623	77,002	104,811	59,000	66,668	84,553	114,805	123,470

Source: Statistics Canada, *Financial Flow Accounts* (13-002).

Reference Table 81
Funds Raised in Canadian Financial Markets, by Borrower
 1962 – 1986
 (millions of dollars)

Year	Persons and unincor- porated business	Non- financial private corpo- rations	General Government					Financial institu- tions	Non- resi- dents	Total all sectors
			Total	Federal	(P-L-H)	Non- financial enter- prises				
1962.....	1,746	2,053	1,744	828	773	143	564	5	6,112	
1963.....	1,771	1,620	2,378	1,074	916	388	823	-42	6,550	
1964.....	2,980	2,351	1,850	476	1,050	324	1,089	526	8,796	
1965.....	3,150	3,233	1,535	-51	1,093	493	915	206	9,039	
1966.....	2,406	3,410	2,785	577	1,438	770	630	486	9,717	
1967.....	3,307	2,805	3,503	1,156	1,609	738	657	155	10,427	
1968.....	3,785	2,551	3,559	1,387	1,411	761	1,016	585	11,496	
1969.....	4,173	4,294	2,622	417	1,393	812	1,428	10	12,527	
1970.....	2,922	3,707	3,747	1,801	1,359	587	252	264	10,892	
1971.....	4,421	5,494	5,184	2,815	1,524	845	557	540	16,196	
1972.....	7,627	3,825	5,171	1,609	2,249	1,313	1,326	332	18,281	
1973.....	12,336	6,231	3,399	-54	1,670	1,783	1,896	725	24,587	
1974.....	13,120	9,357	8,591	4,396	2,509	1,686	2,999	1,454	35,521	
1975.....	14,068	6,918	13,165	4,027	4,981	4,157	2,270	1,418	37,839	
1976.....	18,182	9,200	15,185	4,148	4,176	6,861	3,789	1,441	47,797	
1977.....	16,781	10,327	16,317	8,147	4,620	3,550	3,982	1,538	48,945	
1978.....	20,374	12,045	24,300	13,887	4,686	5,727	6,243	1,591	64,553	
1979.....	22,428	20,801	12,515	6,214	3,102	3,199	8,042	2,837	66,623	
1980.....	19,465	23,212	21,728	12,498	5,048	4,182	7,898	4,699	77,002	
1981.....	20,949	36,862	26,990	11,377	8,300	7,313	15,613	4,397	104,811	
1982.....	-1,591	14,541	36,749	19,227	10,554	6,968	8,982	319	59,000	
1983.....	15,108	4,085	37,048	26,230	7,512	3,306	7,931	2,496	66,668	
1984.....	14,711	16,235	38,983	25,939	8,951	4,093	11,074	3,550	84,553	
1985.....	24,144	22,367	43,780	34,024	7,713	2,043	18,673	5,841	114,805	
1986.....	33,428	26,161	36,276	19,000	13,215	4,061	26,985	620	123,470	

Source: Statistics Canada, *Financial Flow Accounts* (13-002).

Reference Table 82
Outstandings in Canadian Financial Markets, by Instrument
 1979 – 1986
 (millions of dollars)

	1979	1980	1981	1982	1983	1984	1985	1986
Consumer credit	40,345	44,862	46,867	46,141	47,842	52,222	59,294	66,307
Bank loans	72,411	88,786	127,706	125,582	112,133	122,565	128,505	119,285
Other loans:	46,114	53,704	58,210	60,281	64,294	69,328	79,871	85,623
Private corporations	14,806	17,398	17,240	17,512	17,740	20,963	23,008	26,389
Financial institutions	5,128	5,765	7,413	6,785	8,082	7,558	11,143	8,314
Others	26,180	30,541	33,557	35,984	38,472	40,807	45,720	50,920
Treasury bills	15,260	20,735	20,720	25,774	39,090	49,676	59,400	70,854
Short-term paper	16,551	22,215	22,383	28,866	34,355	32,732	37,371	51,826
Mortgages	122,402	134,569	145,150	147,452	160,205	168,332	183,523	206,763
Bonds:	175,801	194,846	229,056	264,070	292,040	320,515	363,122	397,564
Governments	98,041	109,215	126,565	150,300	171,980	192,849	224,931	244,727
Private corporations	26,455	28,689	37,698	42,151	44,683	46,816	50,093	55,256
Others	51,305	56,942	64,793	71,619	75,377	80,850	88,098	97,581
Stocks	224,813	264,058	315,917	328,897	365,859	400,128	450,669	510,547
Total all instruments	713,697	823,775	966,009	1,027,063	1,115,818	1,215,498	1,361,755	1,508,769

Source: Statistics Canada, *National Balance Sheet Accounts* (13-214).

Reference Table 83
Outstandings in Canadian Financial Markets, by Borrower
 1962 – 1986
 (millions of dollars)

Year	Persons and unincor- porated business	Non- financial private corpo- rations	General Government				Non- financial enter- prises	Financial institu- tions	Non- resi- dents	Total all sectors
			Total	Federal	(P-L-H)					
1962.....	17,242	44,725	34,150	17,815	10,128	6,207	13,500	3,318	112,935	
1963.....	19,314	47,841	36,774	18,888	11,050	6,836	15,253	3,891	123,073	
1964.....	22,124	51,441	38,613	19,364	12,093	7,156	18,503	4,468	135,149	
1965.....	25,370	60,038	40,214	19,313	13,252	7,649	19,952	4,728	150,302	
1966.....	27,094	68,248	43,147	19,892	14,830	8,425	22,012	5,160	165,661	
1967.....	30,667	73,258	46,758	21,048	16,547	9,163	23,498	5,193	179,374	
1968.....	35,618	77,618	50,397	22,433	18,043	9,921	26,210	5,630	195,473	
1969.....	39,326	86,019	53,008	22,851	19,428	10,729	29,007	5,865	213,225	
1970.....	42,401	92,073	56,856	24,651	20,843	11,362	31,384	5,952	228,666	
1971.....	47,253	98,529	62,082	27,468	22,407	12,207	34,098	6,774	248,736	
1972.....	54,865	103,616	67,274	29,077	24,706	13,491	39,882	7,757	273,394	
1973.....	61,819	120,788	70,914	29,026	26,562	15,326	44,797	8,943	307,261	
1974.....	72,257	140,976	80,828	33,456	29,535	17,837	48,039	10,506	352,606	
1975.....	87,458	150,716	93,781	37,487	34,389	21,905	53,925	12,286	398,166	
1976.....	104,155	172,648	108,711	41,652	37,951	29,108	60,236	13,757	459,507	
1977.....	118,538	194,653	127,186	49,777	44,321	33,088	67,247	16,374	523,998	
1978.....	135,728	228,275	156,139	64,039	49,837	42,263	79,481	19,885	619,508	
1979.....	155,785	270,875	168,065	70,182	52,306	45,577	95,498	23,474	713,697	
1980.....	172,896	317,300	190,633	82,865	58,415	49,353	114,164	28,782	823,775	
1981.....	185,211	385,461	216,250	94,371	66,256	55,623	146,038	33,049	966,009	
1982.....	185,719	398,479	253,477	113,767	77,401	62,309	155,266	34,122	1,027,063	
1983.....	200,489	405,562	292,137	141,825	84,666	65,646	180,389	37,241	1,115,818	
1984.....	210,790	438,523	331,151	166,316	94,186	70,649	191,999	43,035	1,215,498	
1985.....	233,566	480,794	380,943	200,886	104,305	75,752	215,728	50,724	1,361,755	
1986.....	260,753	527,655	421,435	221,078	120,939	79,418	248,494	50,432	1,508,769	

Source: Statistics Canada, *National Balance Sheet Accounts* (13-214).

Reference Table 84
Consolidated National Balance Sheet
 1962 – 1986
 (millions of dollars)

Year	Non-financial assets	Net indebtedness to non-residents	Net national wealth	Financial assets	Financial liabilities	Net financial assets
1962	154,733	18,032	136,701	164,644	182,676	– 18,032
1963	166,871	18,984	147,887	183,141	202,125	– 18,984
1964	181,093	19,724	161,369	201,568	221,292	– 19,724
1965	202,070	21,961	180,109	223,184	245,145	– 21,961
1966	226,520	23,786	202,734	246,995	270,781	– 23,786
1967	247,186	25,582	221,604	270,924	296,506	– 25,582
1968	265,594	27,325	238,269	298,873	326,198	– 27,325
1969	292,609	29,371	263,238	328,551	357,922	– 29,371
1970	318,400	30,006	288,394	360,498	390,504	– 30,006
1971	354,215	31,695	322,520	398,682	430,377	– 31,695
1972	399,099	34,273	364,826	443,237	477,510	– 34,273
1973	468,368	36,934	431,434	507,832	544,766	– 36,934
1974	575,257	41,260	533,997	590,442	631,702	– 41,260
1975	669,702	49,569	620,133	659,898	709,467	– 49,569
1976	756,816	60,300	696,516	753,747	814,047	– 60,300
1977	852,210	67,459	784,751	857,995	925,454	– 67,459
1978	963,808	85,558	878,250	1,012,825	1,098,383	– 85,558
1979	1,116,147	99,619	1,016,528	1,169,027	1,268,646	– 99,619
1980	1,280,226	106,675	1,173,551	1,355,112	1,461,787	– 106,675
1981	1,460,588	131,257	1,329,331	1,565,182	1,696,439	– 131,257
1982	1,579,615	131,881	1,447,734	1,661,591	1,793,472	– 131,881
1983	1,670,827	140,955	1,529,872	1,779,403	1,920,358	– 140,955
1984	1,761,068	151,895	1,609,173	1,934,396	2,086,291	– 151,895
1985	1,870,843	173,063	1,697,780	2,133,838	2,306,901	– 173,063
1986	2,008,763	197,306	1,811,457	2,337,399	2,534,705	– 197,306

Source: Statistics Canada, *National Balance Sheet Accounts* (13-214).

Reference Table 85
Recent OECD Economic Indicators
 1977 – 1986
 (per cent)

	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986
Growth in real GNP/GDP⁽¹⁾										
United States	4.7	5.3	2.5	-0.2	1.9	-2.5	3.6	6.4	2.7	2.5
Japan	5.3	5.2	5.3	4.3	3.7	3.1	3.2	5.1	4.7	2.5
Germany	2.7	3.3	3.9	1.5	0.0	-1.0	1.8	3.0	2.5	2.4
France	3.1	3.8	3.3	1.1	0.5	1.8	0.7	1.5	1.4	2.0
United Kingdom	2.3	3.6	2.7	-2.5	-1.3	1.4	3.4	3.0	3.5	2.7
Italy	1.9	2.7	4.9	3.9	0.2	-0.5	-0.2	2.8	2.3	2.7
Canada	3.6	4.6	3.9	1.5	3.7	-3.3	3.1	5.5	4.0	3.1
Seven major countries	—	4.6	3.3	0.9	1.6	-0.8	2.9	5.0	3.0	2.5
Employment growth										
United States	3.7	4.4	2.9	0.5	1.1	-0.9	1.3	4.1	2.0	2.3
Japan	1.3	1.3	1.3	1.0	0.8	1.0	1.7	0.6	0.7	0.8
Germany	-0.2	0.6	1.4	1.1	-0.7	-1.7	-1.5	0.1	0.7	1.0
France	0.9	0.2	0.2	-0.0	-0.5	0.1	-0.4	-1.1	-0.1	0.0
United Kingdom	0.1	0.8	1.3	-1.0	-3.4	-1.9	-0.5	1.7	1.4	0.5
Italy	0.6	0.6	1.0	0.8	0.5	-1.0	0.2	0.3	0.5	0.6
Canada	1.8	3.5	4.1	3.0	2.8	-3.3	0.8	2.5	2.8	2.9
Seven major countries	—	2.3	1.9	0.6	0.3	-0.6	0.7	1.9	1.3	1.4
Unemployment rates⁽²⁾										
United States	7.0	6.1	5.8	7.2	7.6	9.7	9.6	7.5	7.2	7.0
Japan	2.0	2.2	2.1	2.0	2.2	2.3	2.6	2.7	2.6	2.8
Germany	3.9	3.7	3.3	3.3	4.6	6.7	8.2	8.2	8.3	8.0
France	5.0	5.4	6.0	6.4	7.6	8.2	8.4	10.0	10.2	10.5
United Kingdom	5.3	5.1	4.8	6.4	9.6	11.0	11.6	11.5	11.7	11.8
Italy	7.1	7.1	7.6	7.5	8.4	9.0	9.8	9.8	10.1	10.9
Canada	8.1	8.3	7.4	7.5	7.5	11.1	11.9	11.3	10.5	9.6
Seven major countries	5.4	5.1	4.9	5.6	6.5	7.9	8.2	7.5	7.4	7.4
Consumer expenditure deflator growth										
United States	6.5	7.3	9.2	10.7	9.2	5.7	4.1	3.8	3.5	2.1
Japan	7.2	4.4	3.7	7.1	4.4	2.6	1.9	2.1	2.2	0.5
Germany	3.6	2.8	3.8	5.8	6.2	4.8	3.1	2.5	2.1	-0.4
France	9.0	8.8	10.5	13.2	12.8	11.2	9.6	7.2	5.5	2.2
United Kingdom	14.9	9.2	13.6	16.1	11.4	8.6	5.0	4.8	5.3	3.7
Italy	18.2	12.9	15.0	20.2	19.2	17.0	15.2	11.0	9.4	6.1
Canada	7.4	7.6	8.5	10.0	11.2	10.3	6.3	4.4	4.1	4.1
Seven major countries	—	6.7	8.3	10.5	9.1	6.5	4.9	4.2	3.8	2.1
Growth of productivity										
United States	1.0	0.9	-0.5	-0.6	0.8	-1.7	2.2	2.3	0.7	0.2
Japan	3.9	4.0	3.8	3.3	2.8	2.0	1.5	4.5	4.0	1.6
Germany	2.9	2.7	2.5	0.4	0.7	0.7	3.3	2.9	1.8	1.4
France	2.2	3.5	3.2	1.0	0.9	1.7	1.1	2.6	1.5	2.0
United Kingdom	2.2	2.8	1.4	-1.5	2.1	3.4	3.9	1.3	2.1	2.1
Italy	1.4	2.0	3.9	3.1	-0.3	-0.4	-0.3	2.5	1.8	2.1
Canada	1.7	1.1	-0.3	-1.5	0.9	-0.1	2.3	2.9	1.1	0.3
Seven major countries	—	2.3	1.3	0.3	1.3	-0.2	2.2	2.9	1.7	1.1

(1) GNP numbers are reported for the United States, Japan and Germany, while GDP numbers are reported for France, the United Kingdom, Canada and Italy.

(2) Unemployment rates are on the basis of national definitions.

Note: Averages for the seven major countries are calculated by using weights based on the GNP/GDP respective shares in 1982. Data for 1976 for the seven major countries was not available at the time of release.

Source: OECD, *Economic Outlook*, Datatape June 1987.

Reference Table 86
Interest Rates and Exchange Rates For the Seven Major OECD Countries
 1977 – 1986
 (per cent)

	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986
Short-term interest rates										
United States	5.27	7.19	10.07	11.43	14.02	10.61	8.61	9.52	7.48	5.98
Japan	5.68	4.36	5.86	10.93	7.43	6.94	6.39	6.07	6.46	4.77
Germany	4.36	3.70	6.69	9.54	12.10	8.88	5.78	5.99	5.44	4.60
France	9.07	7.98	9.04	11.84	15.30	14.87	12.54	11.74	9.94	7.74
United Kingdom	7.54	8.58	13.11	15.01	13.04	11.40	9.58	9.30	11.64	10.30
Italy	14.03	11.50	11.86	17.15	19.31	19.89	18.31	17.26	15.26	13.41
Canada	7.48	8.83	12.07	13.15	18.33	14.15	9.45	11.19	9.56	9.16
Long-term interest rates										
United States	8.02	8.73	9.63	11.94	14.17	13.79	12.04	12.71	11.37	9.02
Japan	7.44	6.63	7.68	9.01	8.54	8.07	7.52	7.08	6.78	5.60
Germany	6.43	6.11	7.60	8.63	10.56	9.07	7.97	7.79	6.94	5.99
France	10.99	10.61	10.85	13.78	16.29	16.00	14.37	13.40	11.87	9.12
United Kingdom	12.73	12.48	13.00	13.78	14.74	12.88	10.80	10.69	10.62	9.87
Italy	15.40	14.02	14.48	16.56	21.53	21.39	18.52	15.09	13.12	10.68
Canada	8.70	9.27	10.21	12.48	15.22	14.26	11.79	12.75	11.04	9.52
Exchange rates ⁽¹⁾										
United States	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Japan	268.48	210.44	219.20	226.70	220.59	249.08	237.48	237.55	238.62	168.52
Germany	2.32	2.01	1.83	1.82	2.26	2.43	2.55	2.85	2.94	2.17
France	4.91	4.51	4.25	4.23	5.43	6.57	7.62	8.74	8.98	6.93
United Kingdom	0.57	0.52	0.47	0.43	0.50	0.57	0.66	0.75	0.78	0.68
Italy	882.35	848.73	830.92	856.44	1.136.55	1.352.66	1.518.94	1.756.73	1.909.42	1.491.05
Canada	1.06	1.14	1.17	1.17	1.20	1.23	1.23	1.30	1.37	1.39

⁽¹⁾ National currency per U.S.

Source: OECD, *Economic Outlook*, June 1987.

Reference Table 87
Current Account Balances of OECD Countries
 1970 – 1986

Year	United States	Japan	Germany	France	United Kingdom	Italy	Canada
(billions of U.S. dollars)							
1970	2.3	2.0	0.9	—	2.0	1.1	1.0
1971	-1.4	5.8	0.8	—	2.7	1.9	0.4
1972	-5.8	6.6	0.9	—	0.5	2.0	-0.3
1973	7.1	-0.1	4.6	1.5	-2.6	-2.5	0.3
1974	2.0	-4.7	10.3	-3.9	-7.9	-8.0	-1.3
1975	18.1	-0.7	4.1	2.7	-3.5	-0.6	-4.6
1976	4.2	3.7	3.9	-3.4	-1.7	-2.8	-4.2
1977	-14.5	10.9	4.1	-0.4	-0.2	2.5	-4.1
1978	-15.4	16.6	9.0	7.0	1.9	6.2	-4.3
1979	-1.0	-8.8	-6.0	5.2	-1.5	5.5	-4.2
1980	1.9	-10.7	-15.7	-4.2	6.8	-9.7	-1.0
1981	6.3	4.8	-5.2	-4.7	12.4	-8.1	-5.1
1982	-9.1	6.8	4.1	-12.1	6.9	-5.5	2.4
1983	-46.6	20.8	4.1	-4.7	4.8	0.8	2.4
1984	-106.5	35.0	7.0	-0.8	1.7	-2.9	2.6
1985	-117.7	49.2	13.2	-0.2	3.8	-4.2	-0.4
1986	-140.6	86.0	35.8	3.5	-1.6	5.1	-6.3
(per cent of GNP/GDP)							
1970	0.2	1.0	0.5	—	1.6	1.1	1.2
1971	-0.1	2.5	0.4	—	1.9	1.7	0.4
1972	-0.5	2.2	0.3	—	0.3	1.6	-0.3
1973	0.5	-0.0	1.3	0.6	-1.4	-1.6	0.2
1974	0.1	-1.0	2.7	-1.5	-4.0	-4.7	-0.9
1975	1.1	-0.1	1.0	0.8	-1.5	-0.3	-2.7
1976	0.2	0.7	0.9	-1.0	-0.7	-1.5	-2.1
1977	-0.7	1.6	0.8	-0.1	-0.1	1.1	-2.0
1978	-0.7	1.7	1.4	1.5	0.6	2.4	-2.0
1979	-0.0	-0.9	-0.8	0.9	-0.4	1.7	-1.8
1980	0.1	-1.0	-1.9	-0.6	1.3	-2.4	-0.4
1981	0.2	0.4	-0.8	-0.8	2.4	-2.3	-1.7
1982	-0.3	0.6	0.6	-2.2	1.4	-1.6	0.8
1983	-1.4	1.8	0.6	-0.9	1.0	0.2	0.7
1984	-2.8	2.8	1.1	-0.2	0.4	-0.8	0.8
1985	-2.9	3.7	2.1	-0.0	0.8	-1.2	-0.1
1986	-3.3	4.4	4.0	0.5	-0.3	1.0	-1.7

Source: OECD, *Economic Outlook*, June 1987.

Reference Table 88
International Comparisons of Government Budget Balances
as Percentages of Gross Domestic Product or Gross National Product (GNP/GDP)
1970–1986

	Weighted Average ⁽¹⁾	Canada	United States	United Kingdom	France	Germany	Italy	Japan
Central government								
1975.....	-3.9	-2.2	-4.4	-3.3	-1.9	-2.9	-7.4	-4.2
1976.....	-3.0	-1.7	-3.0	-4.1	-0.1	-2.2	-4.6	-4.5
1977.....	-2.8	-3.4	-2.3	-2.9	-0.7	-1.6	-4.9	-5.4
1978.....	-3.0	-4.5	-1.3	-3.7	-1.3	-1.6	-11.0	-6.1
1979.....	-2.4	-3.4	-0.7	-2.7	-0.8	-1.5	-9.1	-5.5
1980.....	-3.0	-3.4	-2.3	-3.0	-0.2	-1.7	-7.5	-5.5
1981.....	-3.2	-2.1	-2.1	-4.2	-1.2	-2.1	-10.9	-5.5
1982.....	-4.5	-5.4	-4.7	-2.8	-2.0	-2.1	-11.1	-5.3
1983.....	-4.8	-6.2	-5.2	-3.4	-3.3	-1.6	-12.0	-4.9
1984.....	-4.3	-6.8	-4.5	-3.4	-3.1	-1.3	-11.9	-4.1
1985.....	—	-6.7	-5.0	—	—	—	—	—
1986.....	—	-4.9	-4.8	—	—	—	—	—
Averages								
1970-1974.....	-0.8	0.2	-1.2	-1.3	0.9	0.0	-3.8	-0.6
1975-1981.....	-3.1	-3.0	-2.3	-3.5	-0.9	-1.9	-7.9	-5.2
Total government								
1975.....	-4.2	-2.5	-4.1	-4.5	-2.2	-5.6	-11.7	-2.8
1976.....	-3.0	-1.8	-2.2	-4.9	-0.5	-3.4	-9.0	-3.7
1977.....	-2.3	-2.5	-1.0	-3.2	-0.8	-2.4	-8.0	-3.8
1978.....	-2.4	-3.2	0.0	-4.4	-1.9	-2.4	-9.7	-5.5
1979.....	-2.3	-2.0	-0.5	-3.3	-0.7	-2.5	-9.5	-4.7
1980.....	-2.5	-2.8	-1.3	-3.5	0.2	-2.9	-8.3	-4.4
1981.....	-2.7	-1.5	-1.0	-2.8	-1.8	-3.7	-12.3	-3.8
1982.....	-4.0	-5.9	-3.6	-2.3	-2.7	-3.3	-12.6	-3.6
1983.....	-4.1	-6.9	-3.8	-3.5	-3.1	-2.5	-11.7	-3.7
1984.....	-3.3	-6.6	-2.7	-3.9	-2.9	-1.9	-13.0	-2.1
1985.....	-3.2	-7.0	-3.4	-2.7	-2.6	-1.1	-14.0	-0.8
1986.....	-3.1	-5.4	-3.3	-2.9	-2.9	-1.2	-12.6	-0.9
Averages								
1970-1974.....	-0.4	0.7	-0.6	-0.7	0.8	-0.1	-6.0	0.7
1975-1981.....	-2.7	-2.3	-1.3	-3.8	-1.1	-3.3	-9.8	-4.1

(1) GDP/GNP weights expressed in U.S. dollars, based on 1978-1979 averages of exchange rates and GDP/GNP figures.

Source: OECD, *National Accounts of OECD Countries, 1972-1984, Volume II: Economic Outlook*, June 1987; Statistics Canada, *National Income and Expenditure Accounts (13-001)*; U.S. Department of Commerce, *Survey of Current Business*.

Reference Table 89
International Comparisons of Central Government Revenues and Expenditures as Percentages of Gross Domestic Product or Gross National Product
 1970 – 1986

	Weighted Average ⁽¹⁾	Canada	United States ⁽²⁾	United Kingdom	France	Germany	Italy	Japan
Revenues								
1975	17.1	18.5	18.5	30.1	20.4	13.9	19.3	8.7
1976	17.8	17.9	19.4	29.2	21.8	14.2	21.2	8.9
1977	17.8	16.8	19.6	29.1	21.1	14.8	22.8	8.7
1978	18.2	15.8	20.1	28.3	20.9	14.8	24.3	9.8
1979	18.6	15.7	20.8	29.3	21.4	14.7	24.0	9.7
1980	19.1	16.3	20.9	30.5	22.3	14.5	27.2	10.4
1981	19.8	18.3	21.7	32.1	22.9	14.5	28.0	10.8
1982	19.8	17.7	20.9	32.7	23.1	14.7	33.2	11.0
1983	19.5	17.2	20.1	31.9	22.3	14.8	33.6	11.5
1984	19.6	17.2	20.1	32.5	22.4	14.9	33.7	11.9
1985	—	17.5	20.4	—	—	—	—	—
1986	—	17.9	20.3	—	—	—	—	—
Averages								
1970-1974.....	17.8	18.2	19.3	29.7	21.6	14.3	17.6	10.0
1975-1981.....	18.3	17.0	20.1	29.8	21.5	14.5	23.8	9.6
Expenditures								
1975	21.1	20.8	22.9	33.4	22.2	16.8	26.6	12.9
1976	20.8	19.6	22.5	33.3	21.9	16.4	25.8	13.4
1977	20.7	20.2	22.0	31.9	21.8	16.4	27.7	14.1
1978	21.3	20.3	21.4	32.0	22.2	16.5	35.3	16.0
1979	21.0	19.1	21.4	31.9	22.3	16.3	33.1	15.2
1980	22.1	19.8	23.2	33.5	22.5	16.2	34.7	15.9
1981	23.1	20.3	23.8	36.3	24.1	16.6	38.9	16.4
1982	24.3	23.1	25.5	35.5	25.0	16.8	44.3	16.3
1983	24.3	23.3	25.4	35.3	25.6	16.4	45.6	16.4
1984	23.9	24.0	24.6	35.9	25.5	16.2	45.7	16.0
1985	—	24.1	25.4	—	—	—	—	—
1986	—	22.8	25.2	—	—	—	—	—
Averages								
1970-1974.....	18.4	18.0	20.5	28.5	20.7	14.3	21.4	10.6
1975-1981.....	21.4	20.0	22.5	33.2	22.4	16.5	31.7	14.8

(1) GDP/GNP weights expressed in U.S. dollars, based on 1978-1979 averages of exchange rates and GDP/GNP figures.

(2) To conform to Canadian national accounts conventions and to facilitate Canada-United States comparisons, the current surpluses of government enterprises and interest and dividends received by governments have been added to government revenues and expenditures. In the U.S. national accounts, these items are netted out of subsidies and interest payments respectively. In addition, expenditures on the postal service have been excluded from the data for the United States.

Source: OECD, *National Accounts of OECD Countries, 1972-1984*, Volume II; OECD *Economic Outlook*, June 1987; Statistics Canada, *National Income and Expenditure Accounts* (13-001); U.S. Department of Commerce, *Survey of Current Business*.

Reference Table 90

**International Comparisons of Total Government Revenues and Expenditures
as Percentages of Gross Domestic Product or Gross National Product**

1970 – 1986

	Weighted Average ⁽¹⁾	Canada	United States ⁽²⁾	United Kingdom	France	Germany	Italy	Japan
Revenues								
1975.....	33.5	37.4	31.5	39.8	41.2	43.3	31.9	24.5
1976.....	34.3	37.1	32.5	39.3	43.5	44.5	33.5	24.1
1977.....	34.7	37.4	32.7	38.4	43.4	45.7	34.8	25.2
1978.....	34.6	37.0	32.8	37.1	43.3	45.2	36.6	25.0
1979.....	35.4	36.7	33.4	37.9	44.8	45.0	36.2	26.8
1980.....	36.2	37.5	33.8	39.7	46.6	45.3	36.8	28.2
1981.....	37.3	39.8	34.7	41.7	47.4	45.5	38.8	29.7
1982.....	37.8	40.4	34.6	42.6	48.4	46.2	42.5	30.1
1983.....	37.7	40.0	34.2	41.6	48.9	45.7	45.5	30.4
1984.....	37.9	40.0	34.2	41.7	49.8	45.9	44.8	31.1
1985.....	38.3	39.9	34.7	41.6	49.7	46.0	44.7	31.8
1986.....	38.2	40.4	35.0	40.6	48.7	45.3	44.9	32.1
Averages								
1970-1974.....	32.7	36.7	32.0	37.6	39.5	41.1	31.3	22.6
1975-1981.....	35.1	37.6	33.1	39.1	44.3	44.9	35.5	26.2
Expenditures								
1975.....	37.7	39.9	35.6	44.4	43.5	48.9	43.5	27.3
1976.....	37.2	38.9	34.7	44.3	44.0	47.8	42.5	27.7
1977.....	37.0	39.9	33.7	41.6	44.2	48.1	42.8	29.0
1978.....	37.1	40.1	32.8	41.5	45.2	47.6	46.3	30.5
1979.....	37.3	38.8	33.0	41.1	45.5	47.5	45.7	31.6
1980.....	38.7	40.3	35.0	43.1	46.4	48.1	46.6	32.6
1981.....	40.0	41.3	35.7	44.5	49.1	49.1	52.1	33.6
1982.....	41.8	46.3	38.2	44.9	51.1	49.5	55.1	33.7
1983.....	41.8	46.9	38.0	45.2	52.0	48.2	57.3	34.1
1984.....	41.3	46.6	37.0	45.6	52.7	47.8	57.7	33.2
1985.....	41.5	46.9	38.2	44.3	52.3	47.1	58.7	32.6
1986.....	41.4	45.9	38.4	43.5	51.6	46.5	57.4	33.0
Averages								
1970-1974.....	33.1	35.9	32.6	38.3	38.7	41.2	37.4	21.9
1975-1981.....	37.9	39.9	34.4	42.9	45.4	48.2	45.6	30.3

(1) See Table 89.

(2) See Table 89.

Source: OECD, *National Accounts of OECD Countries, 1972-1984, Volume II; Economic Outlook, June 1987*; Statistics Canada, *National Income and Expenditure Accounts (13-001)*; U.S. Department of Commerce, *Survey of Current Business*.

Reference Table 91

International Comparisons of Government Tax Revenues⁽¹⁾
as Percentages of Gross Domestic Product or Gross National Product
1970 – 1986

	Weighted Average ⁽²⁾	Canada	United States	United Kingdom	France	Germany	Italy	Japan
Central government								
1975.....	16.5	16.9	18.5	26.3	18.6	13.0	14.8	10.1
1976.....	17.0	16.3	19.2	25.3	19.9	13.2	16.5	10.3
1977.....	17.1	15.1	19.4	25.1	19.3	13.7	18.1	10.3
1978.....	17.5	14.0	19.8	24.5	19.2	13.5	19.5	11.7
1979.....	17.8	14.0	20.3	25.5	19.7	13.4	18.6	11.5
1980.....	18.2	14.6	20.4	26.5	20.4	13.3	20.5	12.1
1981.....	18.7	16.5	21.1	27.8	20.4	13.1	21.7	12.2
1982.....	18.4	16.1	20.2	28.3	20.8	12.9	23.5	12.2
1983.....	18.2	15.4	19.4	27.8	20.5	12.9	25.4	12.6
1984.....	18.1	15.3	19.3	28.2	20.6	12.9	25.2	12.6
1985.....	—	15.5	19.7	—	—	—	—	—
1986.....	—	15.9	19.7	—	—	—	—	—
Averages								
1970 – 1974.....	17.2	16.4	19.3	25.7	19.8	13.3	14.5	11.3
1975 – 1981.....	17.5	15.3	19.8	25.9	19.6	13.3	18.5	12.8
Total government								
1975.....	30.8	31.1	29.0	35.6	38.3	40.9	29.4	22.5
1976.....	31.4	30.7	29.7	35.0	40.4	42.1	31.2	22.0
1977.....	31.9	30.6	30.0	34.2	40.4	43.2	32.6	23.0
1978.....	31.6	29.5	29.8	33.1	40.5	42.4	34.1	22.7
1979.....	32.1	29.1	30.1	33.7	41.9	42.2	33.7	24.4
1980.....	32.8	29.5	30.2	35.3	43.5	42.4	35.7	25.4
1981.....	33.5	31.6	30.7	37.3	43.6	42.4	37.2	26.7
1982.....	33.6	32.1	30.1	38.0	44.6	42.5	39.9	26.9
1983.....	33.6	31.3	29.6	37.6	45.3	42.0	43.0	27.1
1984.....	33.7	31.3	29.5	37.7	46.2	42.2	42.2	27.6
1985.....	33.7	31.4	29.8	37.5	46.1	42.2	41.9	28.2
1986.....	33.9	32.3	30.0	37.2	45.3	41.7	42.2	28.4
Averages								
1970 – 1974.....	30.1	30.9	29.7	32.8	36.8	38.7	28.7	20.9
1975 – 1981.....	32.0	30.3	29.9	34.9	41.2	42.2	33.4	23.8

(1) Total tax revenues consist of direct taxes on persons and corporations, indirect taxes, and social security contributions.

(2) GDP/GNP weights expressed in U.S. dollars, based on 1978-1979 averages of exchange rates and GDP/GNP figures.

Source: OECD, *National Accounts of OECD Countries, 1972-1984*, Volume II; OECD *Economic Outlook*, June 1987; Statistics Canada, *National Income and Expenditure Accounts* (13-001); U.S. Department of Commerce, *Survey of Current Business*.

Reference Table 92

**International Comparisons of Total Government Principal Tax Revenues
as Percentages of Gross Domestic Product or Gross National Product**
1970 – 1986

	Canada	United States	United Kingdom	France	Germany	Italy	Japan
Taxes on individuals⁽¹⁾							
1970.....	9.9	9.9	11.1	4.8	8.9	4.2	4.0
1975.....	10.5	9.1	14.2	5.1	10.6	5.3	5.0
1980.....	10.4	10.9	11.1	6.2	10.9	9.6	6.2
1981.....	11.0	11.3	11.3	6.4	10.5	11.0	6.6
1982.....	11.7	11.2	11.4	6.5	10.4	12.0	6.7
1983.....	11.4	10.3	10.9	6.9	10.1	13.0	6.9
1984.....	11.1	10.0	10.8	7.1	10.1	12.9	6.8
1985.....	11.3	10.4	10.8	6.9	10.3	12.9	6.8
1986.....	12.2	10.5	11.0	6.7	10.1	12.8	7.0
Taxes on corporations							
1970.....	3.4	3.4	3.1	2.4	1.8	1.3	4.2
1975.....	4.4	3.2	1.6	2.2	1.4	1.4	4.5
1980.....	3.9	3.2	2.3	2.4	1.8	1.6	4.6
1981.....	3.6	2.7	2.9	2.4	1.7	1.8	4.7
1982.....	3.1	2.0	3.3	2.5	1.7	2.1	4.7
1983.....	3.0	2.3	3.4	2.2	1.8	2.5	4.7
1984.....	3.4	2.6	3.7	2.2	2.0	2.3	5.0
1985.....	3.2	2.3	3.8	2.3	2.2	2.5	5.3
1986.....	2.7	2.5	3.0	2.7	2.0	2.5	5.0

⁽¹⁾ Excluding succession duties, estate taxes, and the withholding tax in Canada, and estate and gift taxes and other personal taxes in the United States.

Reference Table 92 (continued)

**International Comparisons of Total Government Principal Tax Revenues
as Percentages of Gross Domestic Product or Gross National Product**
1970 – 1986

	Canada	United States	United Kingdom	France	Germany	Italy	Japan
Social security contributions⁽²⁾							
1970.....	2.8	6.2	5.1	14.6	12.6	11.9	4.3
1975.....	3.5	7.5	6.5	17.1	16.3	14.0	6.4
1980.....	3.4	8.1	6.1	20.2	16.8	14.7	7.3
1981.....	3.8	8.4	6.3	20.2	17.4	14.9	7.8
1982.....	4.0	8.7	6.5	20.9	17.8	15.7	8.0
1983.....	4.2	8.7	6.9	21.5	17.4	16.3	8.2
1984.....	4.2	8.8	6.9	21.8	17.3	15.9	8.1
1985.....	4.4	9.0	6.9	21.8	17.4	15.8	8.2
1986.....	4.5	9.0	6.9	21.3	17.3	15.8	8.5
Indirect taxes							
1970.....	13.4	9.0	16.0	15.2	13.2	11.2	7.1
1975.....	12.4	8.5	13.3	14.0	12.7	8.7	6.6
1980.....	11.5	7.4	15.8	14.7	13.0	9.9	7.4
1981.....	12.9	7.8	16.8	14.6	12.8	9.5	7.6
1982.....	12.9	7.7	16.8	14.7	12.6	10.1	7.5
1983.....	12.4	7.8	16.3	14.7	12.8	11.2	7.4
1984.....	12.4	7.7	16.3	15.1	12.8	11.1	7.7
1985.....	12.3	7.7	16.1	15.1	12.4	10.8	7.8
1986.....	12.6	7.7	16.3	14.5	12.1	11.0	8.0
Total taxes							
1970.....	29.5	28.5	35.2	37.0	36.5	28.6	19.7
1975.....	30.8	28.3	35.6	38.3	40.9	29.4	22.5
1980.....	29.1	29.6	35.3	43.5	42.4	35.7	25.4
1981.....	31.3	30.2	37.3	43.6	42.4	37.2	26.7
1982.....	31.8	29.6	38.0	44.6	42.5	39.9	26.9
1983.....	31.1	29.1	37.6	45.3	42.0	43.0	27.1
1984.....	31.0	29.0	37.7	46.2	42.2	42.2	27.6
1985.....	31.2	29.4	37.5	46.1	42.2	41.9	28.2
1986.....	32.0	29.7	37.2	45.3	41.7	42.2	28.4

(2) Social security contributions in Canada consist of: employer/employee contributions to the CPP/QPP; employer/employee contributions to federal pension funds; employer/employee contributions to the unemployment insurance fund; employer/employee contributions to PLH public service pensions; and workers compensation and industrial vacation claim.

Source: *OECD Economic Outlook, June 1987*; Statistics Canada, *National Income and Expenditure Accounts* (13-001); U.S. Department of Commerce, *Survey of Current Business*.

Reference Table 93
International Comparisons of Total Government Principal Tax Shares
1970 – 1986

	Canada	United States	United Kingdom	France	Germany	Italy	Japan
Taxes on individuals⁽¹⁾							
1970.....	33.5	34.7	31.4	13.0	24.5	14.7	20.2
1975.....	34.2	32.0	40.0	13.3	26.0	18.0	22.3
1980.....	35.6	37.0	31.4	14.3	25.6	26.8	24.4
1981.....	35.1	37.5	30.4	14.6	24.8	29.5	24.7
1982.....	37.0	37.8	29.9	14.5	24.4	30.1	24.9
1983.....	36.8	35.5	29.1	15.3	24.0	30.2	25.6
1984.....	35.8	34.3	28.7	15.4	23.9	30.6	24.7
1985.....	36.2	35.3	28.8	15.0	24.3	30.7	24.0
1986.....	38.1	35.3	29.6	14.9	24.4	30.4	24.4
Taxes on corporations							
1970.....	11.7	12.0	8.7	6.4	5.0	4.4	21.6
1975.....	14.2	11.4	4.6	5.6	3.4	4.6	20.0
1980.....	13.4	10.7	6.5	5.4	4.2	4.4	18.0
1981.....	11.5	8.9	7.7	5.6	3.9	4.8	17.7
1982.....	9.9	6.9	8.6	5.7	4.0	5.2	17.4
1983.....	9.8	7.9	9.1	4.9	4.2	5.8	17.3
1984.....	10.8	8.8	9.9	4.8	4.7	5.4	18.1
1985.....	10.4	7.9	10.1	5.0	5.1	5.8	19.0
1986.....	8.6	8.4	8.1	5.9	4.9	6.0	17.6
Social security contributions⁽²⁾							
1970.....	9.4	21.7	14.4	39.4	34.4	41.8	22.0
1975.....	11.3	26.5	18.2	44.5	39.8	47.6	28.5
1980.....	11.7	27.3	17.2	46.5	39.5	41.1	28.7
1981.....	12.2	27.7	16.9	46.4	41.0	40.0	29.3
1982.....	12.6	29.3	17.2	46.8	41.9	39.3	29.8
1983.....	13.6	29.8	18.4	47.4	41.3	38.0	30.1
1984.....	13.5	30.3	18.3	47.1	41.0	37.6	29.4
1985.....	14.0	30.6	18.3	47.2	41.1	37.6	29.2
1986.....	14.1	30.4	18.4	47.1	41.7	37.5	30.0
Indirect taxes							
1970.....	45.4	31.6	45.4	41.2	36.1	39.1	36.2
1975.....	40.4	30.1	37.3	36.6	30.9	29.7	29.2
1980.....	39.3	25.1	44.9	33.8	30.7	27.7	29.0
1981.....	41.2	25.9	45.0	33.4	30.3	25.6	28.4
1982.....	40.6	26.0	44.3	33.0	29.7	25.4	27.9
1983.....	39.8	26.8	43.4	32.4	30.4	26.0	27.1
1984.....	39.8	26.6	43.1	32.7	30.4	26.4	27.8
1985.....	39.4	26.2	42.8	32.8	29.5	25.9	27.8
1986.....	39.3	25.9	43.9	32.1	29.1	26.1	28.1

⁽¹⁾ see Table 92.

⁽²⁾ see Table 92.

Source: OECD Economic Outlook, June 1987; Statistics Canada, National Income and Expenditure Accounts (13-001); U.S. Department of Commerce, Survey of Current Business.

180

JUL 19 1989

